

Genstar Corporation

Revised March 12, 1986 (IC)
 Destroy all previous Basic and White
 cards on this Company

CUSIP Number 372451

Stock Symbol GST

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THE COMPANY, directly and through subsidiaries, provides a broad range of financial services nationwide in Canada and the U.S. It also offers marine services, specialized industrial services, including a variety of waste disposal and collection services primarily in the U.S. The company also manufactures building materials and is engaged in the development of land and real estate.

Fiscal Year	COMPARATIVE DATA									
	Total Assets	L-term Debt	Shldrs.' Equity	Revenues	Net Income	Earns. Per Sh.	Divds. Paid	Price Range		
								High	Low	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
1984....	2,714,247	736,290	1,284,090	1,830,089	131,753	3.56	0.85	31.50	19.25	
1983....	2,348,836	736,788	946,606	1,743,047	103,040	2.83	0.65	38.75	20.25	
1982....	2,660,304	773,646	873,139	1,707,706	84,296	3.36	0.90	24.75	8.88	
1981....	2,858,794	657,566	967,786	2,145,922	109,532	2.92	1.80	42.75	18.38	
1980....	2,434,462	639,569	929,302	2,310,445	153,721	4.77	1.65	47.00	25.00	

CONSOLIDATED CAPITALIZATION AS AT DECEMBER 31, 1984

	Outstanding	%
Long-term debt	\$736,290,000	36
Preferred stock	53,000 shs. 1,066,000	21
Second preferred stock	12,813,000 shs. 424,774,000	15
Common stock	31,738,000 shs. 304,334,000	24
Retained earnings & contributed surplus	474,316,000	4
Unrealized foreign exchange gain	79,600,000	

SUMMARY STATEMENT

Preliminary results for the year ended Dec. 31, 1985, showed net income increased 30% to \$171,227,000 or \$4.16 per share from \$131,753,000 or \$3.56 per share for the previous year. Revenues were up 21% to \$2,335,674 from \$1,922,801, and operating income, before taxes, rose 54% to \$174,727,000 from \$113,253,000. Building materials and the real estate development segments had significant increases as a result of declining interest rates and improved economic conditions. The financial services segment showed lower earnings despite the gains made by the mortgage lending and trust operations, because of reduced income from equipment leasing businesses and fewer sales of ventures capital investments.

Acquisition of Canada Trustco Mortgage Company in August, 1985 for approximately \$1.2 billion was accomplished through a cash offer of \$42.50 per share. Effective Jan. 1, 1986 Canada Permanent Mortgage Corporation and Canada Trustco Mortgage Company were amalgamated.

For the year ended Dec. 31, 1984, net income rose 28% on a 5% gain in revenues. Large increases in earnings and higher revenues from industrial services and building materials activities were partially offset by lower results in both financial services and land and real estate activities. Improvements were attributed to the company's U.S. operations where earnings increase 17% on 15% increase in revenues. In Canada, revenues fell 9% and income was lower by 18%.

\$2.35 Convertible second preferred, Series C shares were redeemed on Mar. 17, 1986 at \$33.10 cash per share plus 49.61 cents per share in accrued dividends to shareholders of record Feb. 26, 1986. Shares were convertible at anytime up to the close of business on Mar. 12, 1986.

HOW TO BUY
 OF MANUSCRIPTS

N.B. — For quick reference data and index, see page 2.

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 INFORMATION SERVICE

McGILL UNIVERSITY

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QUICK REFERENCE DATA

Major Shareholders—The Société Générale de Belgique S.A. holds 9.86% of the outstanding common shares; the Caisse de dépôt et placement du Québec and the Bank of Montreal hold 8.95% and 8.5%, respectively.

Employees—As of May, 1985, the company had approximately 18,000 employees.

Incorporation—Dominion charter on May 9, 1951; continuance, June 30, 1977.

Auditors—Coopers & Lybrand, C.A., Vancouver.

Fiscal Year Ends—December 31.

Annual Report Appeared—In April in 1985.

Annual Meeting—May 8 in 1985.

Listed—GST, Common: Toronto, Montreal, Alberta, Vancouver, Antwerp, Brussels, New York, Pacific, Luxembourg, Zurich, Geneva and Basel Stock Exchanges; Series B \$1.20 pref.: Montreal; Series D conv. pref.: Toronto, Montreal, Vancouver, Alberta; Series B second pref.: New York; Series C second pref.: Toronto, Montreal; and Series D and E second pref.: Toronto, Montreal and Vancouver.

Options—Call and put options trade in the January/April/July/October cycle on the Toronto and Montreal Stock Exchanges.

Shareholders—At December 31, 1984, there were 11,860 shareholders; 53% of voting shares were registered in Canada.

Transfer Agents and Registrars—Canada Trust Company, Montreal, Toronto, Calgary, Winnipeg and Vancouver; Morgan Guaranty Trust Company of New York, New York.

FP 500 Ranking—49 by sales; 33 by assets.

marily in the United States. Company provides marine services which include tug and barge transportation services, and shipbuilding and repair services, along the Pacific Coast of North America. The company also manufactures cement, roof, wallboard and other building materials, and is engaged in construction and development of land and commercial properties.

REVENUES

Total revenues, exclusive of inter-company transactions, allocated by divisions were as follows in the past two years:

	1984		1983	
	\$000's	%	\$000's	%
Financial services ..	118,600	6	159,000	9
Industrial services ..	233,000	12	156,400	8
Cement, concrete ..	708,600	37	677,100	37
Wallboard & roofing ..	493,500	26	414,800	23
Land & real estate ..	369,100	19	419,400	23
	1,922,800	100	1,826,700	100

Total revenue by geographic area, including equity income, has been as follows in the past two years:

	1984		1983	
	\$000's	%	\$000's	%
Canada & other	655,500	34	720,200	39
United States	1,267,300	66	1,106,500	61
	1,922,800	100	1,826,700	100

EARNINGS

Operating income, before interest, taxes and general expenses, by division has been as follows in the past two years:

	1984		1983	
	\$000's	%	\$000's	%
Financial services ..	102,500	35	148,200	53
Industrial services ..	25,800	9	10,700	4
Cement, concrete ..	71,400	24	44,700	16
Wallboard & roofing ..	31,900	11	10,900	4
Land & real estate ..	63,600	21	66,400	23
	295,200	100	280,900	100

Operating income by geographic area before interest and taxes, but net of certain corporate expenses allocated to the areas, has been as follows in the past two years:

	1984		1983	
	\$000's	%	\$000's	%
Canada & other	95,100	38	116,500	46
United States	158,000	62	135,500	54
	253,100	100	252,000	100

OPERATIONS

Operations are organized through the following divisions:

Financial Services

Genstar Financial Corporation, through subsidiaries, provides services including financial intermediary operations; trust services; real estate brokerage; mortgage banking; real estate joint venture financing; title insurance and escrow services; capital equipment leveraged-lease brokerage; rental of electronic test and measurement equipment; corporate finance and financial analysis software; container leasing; venture capital investment; and thrift and loan operations.

The company's mortgage banking operations in the U.S. service a portfolio of loans for investors. Title insurance and escrow services are centred in northern California. Leveraged-lease brokerage activities and electronic equipment rentals are conducted throughout the U.S. and Canada. Container leasing is an international enterprise. Venture capital activities include equity investments in emerging high-technology companies in the U.S. Thrift and loan offices are in California and Nevada.

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COMPANY

The company, directly and through subsidiaries, operates diversified businesses in Canada, the United States, and internationally. The company provides a broad range of financial services in Canada, the United States, and selected markets overseas. The company also offers specialized industrial services including solid and chemical waste collection and disposal, pri-

Offices of the financial services sector were located as follows at Dec. 31, 1984:

Unit Sales/Housing

Type	Canada	U.S.	Other
Savings/Lending ..	100	4	1
Trust	*20	...	...
Realty	▲107	...	...
Mortgage Banking ..	...	4	...
Electronic Equip. ..	...	...	...
Rental	3	11	...
Container Leasing ..	...	3	11
Leveraged Lease ..	...	...	...
Brokerage	1	5	...
Venture Capital	...	1	1
Total	231	28	13

*Located at 20 of the Savings/Lending sites included above. ▲Excludes 38 franchised offices.

Canada Permanent Mortgage Corporation—The trust division derives its income from fees and commissions earned from a wide variety of fiduciary services, with more than 200 offices throughout Canada. For corporate clients, these include stock registration and transfer, dividend disbursement, and serving as bond trustee and investment manager for pension and other employee benefit funds.

The company engages in residential and commercial real estate sales, with nearly 2,000 brokers and sales personnel in more than 100 offices throughout Canada.

The company accepts funds from the public for deposit in demand accounts and operates a deposit and lending service in the U.K. (For further information, see separate card on this company.)

Canada Trustco Mortgage Company—A 94% interest was acquired in mid-1985 by Genstar Financial Corporation. The company performs much the same activities as Canada Permanent Mortgage Corporation and has more than 200 offices in seven provinces. Subject to shareholder and regulatory approvals, amalgamation of Canada Trust and Canada Permanent under the name Canada Trustco Mortgage Company was expected to be completed by the end of 1985. (For further information, see separate basic card on this company.)

Effective Jan. 1, 1986, Canada Permanent and Canada Trustco were amalgamated to continue operations under the Canada Trustco name.

1984 Operations: Operating income of the Financial Services division in 1984 was \$102,500,000, down from \$148,200,000 in 1983, primarily due to income from venture capital investments being \$35,000,000 lower and because of consolidation accounting adjustments made by Canada Permanent Mortgage Corporation in the value of intermediary assets and liabilities to reflect their value at the time Canada Permanent was acquired. Revenues also declined to \$118,600,000 from \$159,000,000 in 1983.

Despite the decline in revenues and operating income, most of the operations improved their performance in 1984. The Permanent recorded a 14% increase in its loan and intermediary assets and an 8% increase in its customer deposits. Total assets under administration rose 32% to \$7,800,000,000 at 1984 year-end. Real estate brokerage by the Permanent rose slightly, but operating profit declined due to higher overhead expenses in weak western Canadian markets.

Earnings from mortgage banking activities in the U.S. also declined. The company, with other investors, formed Strategic Mortgage Investments, Inc., a real estate investment trust which is listed on the New York Stock Exchange, and receives fees for managing the company.

All other financial services subsidiaries improved their results in 1984, with container leases exceeding expectations, and software sales higher.

Industrial Services

Waste Services—The company is engaged in refuse collection; operates landfills and associated methane gas recovery and energy generation plants; operates urban transfer stations where solid waste can be collected for transport to landfills or for recycling

and resource recovery; operates rubber and paper recycling plants as well as transfer and emergency service stations, secure landfills and liquid sludge disposal plants for chemical wastes.

Plants:

Type	Total
Solid Waste:	
Refuse Collection	27
Transfer Stations	8
Landfills	8
Methane Gas Recovery/Energy	
Generation Plants	4
Rubber Recycling Plants	3
Paper Recycling	3
Street Sweeping	1
Chemical Waste:	
Transfer and Emergency	
Service Stations	3
Secure Landfills	1
Liquid Sludge Disposal	1
Total	59

Marine Services—Marine operations have a fleet of 51 tugs, 241 barges, two self-propelled train ships, six submersible barges, and three self-loading, self-dumping log barges providing the equipment to meet such needs as the hauling of pulp and paper, wood chips, salt, lime rock, petroleum products, chemicals, logs, lumber and packaged freight between the western coast of Canada and the northwestern coast of the United States. Operations also include the operation of rail car barges and terminals between major railroads in British Columbia and northwest United States and marine salvage in the Pacific Ocean.

The company owns and operates a shipyard in North Vancouver. In addition to ship repairs, overhauls and conversions, the yard is capable of building vessels 600 feet in length and 150 feet in width, including marine drilling rigs, supply and cargo vessels, tugs, ferries and barges. Facilities include a level shipbuilding berth and side launchway, enabling the construction of two vessels simultaneously. The company also owns and operates a smaller ship repair facility at Point Ellis on Vancouver Island.

1984 Operations: Revenues from the Industrial Services division in 1984 gained 48% to \$237,000,000 from \$160,400,000 in 1983 and operating profit more than doubled to \$25,800,000 from \$10,700,000, reflecting in part the acquisition of subsidiary GSX Corporation of approximately 40% of the assets of SCA Services, Inc. for \$264,000,000 during the third quarter. Acquired were 50 solid and chemical waste collection and disposal services in 17 states. In addition, marine services reported a modest increase in income, while losses from chemical manufacturing were eliminated following the write-off of those facilities in 1983.

During 1984, revenues from rubber reclaiming increased after expansion of a plant in Mississippi and the opening of a new crumb rubber plant in Chicago. In addition, two new methane gas recovery projects were completed at landfill sites in northern California, more than doubling the company's capacity to use methane to produce electricity for sale to local utilities.

In marine services, the company's shipyard returned to profitability, while earnings from the Pacific coast tugs and international fleet were reduced by a two-month strike in the British Columbia pulp and paper industry and by cutbacks in offshore oil exploration, respectively. Construction and delivery in 1984 of a new tractor tug with pivoting drive units enabling it to push or pull in any direction without turning, enabled the company to better service the increasing volume of shipdocking business at the recently expanded Roberts Bank coal terminal in British Columbia. In mid-1984, Genstar sold its small salvage and ship-docking company in Montreal.

Building Materials

Cement, Aggregates and Concrete Products—The company produces and markets a full range of cement including normal portland, high early-strength, sulphate resistant, oil well, masonry, potash and other specialty cements. The company also manufactures

large quantities of lime products in the western U.S. Raw materials for most operations are supplied from company-owned quarries and deposits.

Other products and services include classified sand, gravel, standard and lightweight aggregates; crushed stone and gypsum rock; ready-mix concrete; precast and prestressed structural and architectural concrete components; concrete blocks, pipe and railway ties; bituminous concrete/asphalt; calcium carbonate products; home repair products, including dry bagged concrete, mortar and blacktop mixes; and municipal construction services and real estate subdivision servicing (road construction, paving and installation of utilities).

Major plants and facilities are as follows:

Cement Plants

Location:	Annual Capacity*
British Columbia	1,000,000
Alberta	1,417,500
Saskatchewan	227,500
Manitoba	350,000
California	1,200,000
Total	4,195,000

Lime Plants

Location:	Annual Capacity*
Arizona	640,000
California	124,000
Nevada	311,000
Utah	74,000
Total	1,149,000

Concrete, Aggregates and Construction Services

Plants	Canada	U.S.	Total
Ready-Mix Concrete	22	14	36
Precast Concrete	8	—	8
Concrete Block	5	—	5
Concrete Rail Ties	1	—	1
Concrete Pipe	7	—	7
Asphalt & Bituminous Con.	6	7	13
Dry Bagged Mixes	5	8	13
Aggregates*	20	10	30
Calcium Carbonate Prod.	—	1	1
Total	74	40	114

*Short Tons.

*Includes sand, gravel and crushed stone plants.

Wallboard and Roofing Products—In western Canada and throughout the U.S., the company produces a wide variety of building materials and supplies, including gypsum wallboard, roofing products (asphalt shingles and rolls, liquid asphalt coatings, glass mat, felt and paperboard) and asphaltic adhesives. Products are sold under Flintkote and Bird and Son trade names. **Gypsum Wallboard & Roofing Plants:**

Location:	Annual Capacity	**Roofing
	*Wallboard	
British Columbia	160,000	—
Alberta	175,000	—
Saskatchewan	160,000	—
Arkansas	—	185,000
California	—	570,000
Colorado	225,000	—
Georgia	310,000	175,000
Illinois	—	330,000
Louisiana	—	240,000
Minnesota	—	100,000
Nevada	315,000	—
New Jersey	270,000	—
Oregon	—	150,000
South Carolina	—	220,000
Texas	300,000	200,000
Total	1,915,000	2,170,000

*Thousands of square feet (for 3-shift, 6½-day-per-week operations). **Tons.

Note—Roofing figures do not include production capacity of 35,000 tons of liquid compounds, 278,000 tons of paperboard and felt, 47,500 tons of fiberglass mat and 400,000 tons of granules.

1984 Operations: In 1984, earnings from cement, aggregates and concrete products rose 60% to \$71,400,000 from \$44,700,000 in 1983, on a 5% in-

crease in revenues to \$713,300,000. Increased demand for these products in the United States more than offset the declines in key Canadian markets.

In Canada, construction activity improved in Manitoba and British Columbia, but declined in Saskatchewan and was at a very low level in Alberta. Volumes and revenues increased by more than 30% at Genstar's cement operation in the U.S. Lower production costs increased savings dramatically at the modern, fuel-efficient plant in Redding, California, which operated at maximum capacity throughout the year. Revenues and operating income from aggregate and concrete product operations in both the eastern U.S. and California exceeded expectations.

During 1984, revenues from wallboard and roofing products increased by 19% to \$493,000,000 from \$415,000,000 in 1983 while combined operating income almost tripled to \$31,900,000 from \$10,900,000 despite soft Canadian markets and continuing difficulties in the roofing business. Record volumes of gypsum wallboard were shipped from the company's plants in the U.S.

Realizing that the roofing industry as a whole has not been profitable in recent years, the company made several significant changes in its roofing operations. Late in 1984, Genstar acquired a roofing plant in Illinois and, in February, 1985, purchased seven additional roofing product plants for \$65,000,000 from Bird Incorporated, along with rights to certain Bird trade names. Included were roofing granule plants in Arkansas and California and asphalt shingle manufacturing plants in northern and southern California, Louisiana, Oregon and South Carolina. Genstar also completed construction of a new fiberglass mat manufacturing plant in Texas during the second quarter of 1984.

In June, 1985, the company sold all the assets of the gypsum wallboard operations in Western Canada. Westroc Industries Ltd. purchased the Vancouver, B.C. Plant, and Domett Inc. purchased the Edmonton, Alberta and the Saskatoon, Saskatchewan plants and the Amaranth, Manitoba quarry site. Total proceeds from the sale of these assets was approximately \$21,300,000.

Real Estate and Land Development

Land development activities are centred in British Columbia, Alberta, Manitoba, and Ontario in Canada, and California, Texas, Florida, Arizona and Washington in the U.S. Tracts of unimproved land are assembled and improved by the introduction of sewers, water mains, streets and sidewalks. In Canada, the improved land is then sold to other builders.

A substantial part of the company's residential dwellings is constructed using pre-assembled sections and component packages designed and manufactured at a plant in Calgary. The balance of the plant's production is sold as factory packages to builders in rural areas of western and northwestern Canada who erect and market company products.

In Calgary, plumbing, electrical, landscaping and millwork operations serve and supply the home construction industry and the public. Also kitchen cabinets are sold to other builders and suppliers and used in the company's own operations.

The company is also engaged in the development and sale of shopping centres and industrial properties. In the U.S., most properties are built, leased and then sold. In Canada, the properties are managed in a portfolio to provide cash flow and long-term appreciation.

Canadian Income Properties:	No.	Sq. Ft.
Office buildings	7	526,000
Shopping centres	8	929,000
Total	15	1,455,000

Units Sales/Housing:

	1984	1983	1982
Canada	385	944	1,259
U.S.	704	1,061	1,190
Total	1,089	2,005	2,449

Acreage/Land Development*

	Canada	U.S.	Total
Owned	11,963	7,627	19,590
Optioned	806	4,852	5,658
Partnership	10,780	1,490	12,270
Total	23,549	13,969	37,518

*Figures exclude 4,433 serviced residential lots.

1984 Operations: In 1984, revenues from the Real Estate and Land Development division were lower by over \$50,000,000 to \$369,300,000 from \$419,000,000, reflecting a decline in the company's real estate businesses following a significant reduction in homebuilding activities. Total operating income, however, was down only slightly at \$63,600,000 from \$66,400,000 in 1983 because of good returns from land and income property development.

During the year, the market for land was strong in California, Arizona, Florida and Ontario and showed marked improvement in Manitoba, while markets were soft in Texas and British Columbia and severely depressed in Alberta. The first phase of development at the company's 2,600-acre Mountain Park Ranch project in Phoenix, Arizona, was completed and sales commenced late in the year. Work on a tract in Orlando, Florida, was expected to begin in 1985. When fully developed, the latter will include approximately 150 acres of land for commercial properties, 90 acres for offices and industrial parks, and enough serviced lots for 9,600 residential units. In 1984, the company's portfolio of Canadian income properties owned or held in partnership increased by 20% to 1,500,000 square feet of leasable space.

Homebuilding operations reported a loss in 1984, and the company's housing divisions in Texas and western Canada were closed during the fourth quarter. Genstar also expected to cut back on homebuilding activities in California, where most of its year-end 1984 inventory of 487 homes either completed or under construction was located.

CAPITAL EXPENDITURES

Net additions to fixed assets in recent years have been as follows:

1975	\$67,607,000	1980	\$172,227,000
1976	89,741,000	1981	147,547,000
1977	107,109,000	1982	66,224,000
1978	52,832,000	1983	40,348,000
1979	106,136,000	1984	180,594,000

Capital expenditures in 1984 included \$48 million for capital improvements. Expenditures by segment were \$5,800,000 for industrial services; \$25,500,000 for cement, aggregate and concrete products; \$13,700,000 for wallboard and roofing products; \$900,000 land and real estate development; and \$2,500,000 for corporate offices.

Total expenditures in 1984 also included an increase in fixed assets of \$122,169,000 on acquisition of 40% of the waste services assets of SCA Services, Inc.

Marine Services—Expenditures in 1983 were only \$300,000 compared with \$3.5 million in 1982. Plans are for \$5.9 million to be spent for deferred repairs and new equipment in 1984.

ACCOUNTING CHANGES

The company retroactively adopted the currency translation method changes proposed by both the Canadian Institute of Chartered Accountants and the United States Financial Accounting Standards Board as more accurately reflecting the economic effects of foreign exchange transactions in 1982. Under the new policy, assets of subsidiaries operating in foreign currencies and related liabilities are translated into Canadian dollars at the year-end rate of exchange, while revenues and expenses are translated at the average exchange rate for the year. Unrealized balance sheet translation amounts are maintained as a separate balance sheet account until such time as foreign currency amounts are realized in Canadian dollars. All other amounts denominated in foreign currencies are translated at historical exchange rates for non-monetary items and at the year-end exchange rate for monetary items, with translation fluctuations included in income.

Prior years' comparative amounts denominated in foreign currencies were restated to conform to the new policy. The effect of this restatement was to decrease net income by \$15,700,000 (\$0.52 per common share) for 1981 and to increase net income by \$4,200,000 (\$0.15 per common share) for 1980. In addition, all prior years' net incomes were restated to average exchange rates and to remove unrealized gains and losses with resulting increases in retained earnings of \$3,000,000, \$18,700,000 and \$14,500,000 at January 1, 1982, 1981 and 1980, respectively.

This new policy removes from net income the volatile effects of exchange rate fluctuations resulting under the previous accounting policy. The previous policy would have charged 1982 net income with a non-economic exchange fluctuation loss of \$20,000,000 (\$0.65 per common share) when the Canadian dollar equivalent of net foreign currency assets actually increased by \$27,000,000 during 1982.

HISTORY

The company was incorporated under Dominion charter on May 9, 1951 (Certificate of Continuance under the Canada Business Corporations Act dated June 30, 1977), under the name Sogemines Limited as a private investment company under the sponsorship of Société Générale de Belgique, Brussels, Belgium.

By S.L.P. dated June 15, 1955, Sogemines Limited was converted to a public company.

The company's primary interest was to found or acquire new industries in which it could retain effective control and/or a management position. Sogemines, in association with other Société Générale de Belgique group companies, was founder of Brockville Chemicals Limited, Inland Cement Company Limited and Iroquois Glass Limited. Brockville Chemicals was incorporated under Dominion charter on Aug. 17, 1959 and commenced operations at its Maitland plant in 1961. Inland Cement was incorporated under Dominion charter on July 15, 1954 and commenced operations in 1956. Assets and operations of its wholly-owned subsidiary, Saskatchewan Cement Company Limited, were taken over by Inland Cement in 1959. Iroquois Glass was incorporated under Dominion charter on April 18, 1958, and commenced operations at its Candiac plant in 1959. At Dec. 31, 1964, Sogemines held 50% of the preferred and all the ordinary stock of Brockville Chemicals Ltd., 20.7% of the preferred and 58.4% of the ordinary stock of Inland Chemical Co. Ltd. and 10.8% of the preferred and 80.0% of the ordinary stock of Iroquois Glass Ltd.

In 1963, the company formed Sogemines Investments Limited.

Amalgamation of Sogemines Limited, Brockville Chemicals Limited, Inland Cement Company Limited and Iroquois Glass Limited was carried out in 1965 under terms of an agreement dated Mar. 15, 1965. Assets of the three operating companies were acquired by Sogemines and applications for surrender of charters of the old companies were filed.

Shareholders of the former operating subsidiaries received Sogemines common stock in exchange for their holdings on the following basis: for participating preferred shares of Inland Cement Co. Ltd., 1.5 shares of Sogemines common; Iroquois Glass Ltd., 0.75 share; Brockville Chemicals Ltd., 0.57 share. Ordinary shareholders of each company received one tenth of the number of shares distributed for each preferred share.

With the approval of the various classes of security holders, the amalgamation became effective for Inland Cement from Mar. 15, 1965 and for Brockville Chemical and Iroquois Glass from Apr. 30, 1965.

During 1966, the company acquired the assets of Indussa Canada Limited, its subsidiary, Industrial Sales (1961) Limited, and Neelon Steel Limited. These operations continued as divisions of the company. Subsequently, Neelon Steel was closed down in 1972.

In spring of 1967, the company sold its Iroquois Glass Division to Consumers Glass Ltd. for approximately \$10 million and acquired all outstanding shares of Indussa Corporation of New York through a share exchange offer on the basis of 12 Sogemines shares

for one Indussa share. Also during 1967, the company acquired Adbys Transport Ltd. of Edmonton and the Fertilizer Division of Canada Packers Limited.

In 1968, the company acquired all outstanding shares of International Fertilizers Ltd. and Albatros Fertilizers Inc.; increased its holdings in McAllister Towing Ltd. to over 98% through share exchange on the basis of nine common shares of Sogemines for each 10 common shares of McAllister; acquired J. Kearns Transport Ltd. in exchange for 6,400 Sogemines shares; purchased 54.4% of the outstanding shares of B.A.C.M. Industries Limited for \$6,300,000 in cash, 450,000 common shares and \$2,875,000 in non-interest bearing five-year notes, including \$1,275,000 convertible into common shares of the company; and acquired Metro Concrete Limited.

By S.L.P. dated Feb. 25, 1969, the company's name was changed to Genstar Limited.

In March, 1969, the company acquired all outstanding shares of Redi-Mix Limited for \$2,650,000. Concurrently, the company's trucking operations, Adbys Transport Ltd. and its subsidiary, J. Kearns Transport Ltd., were sold to the controlling shareholders of Redi-Mix Limited for \$1,363,000.

The company's subsidiary, B.A.C.M. Industries Ltd., agreed in February, 1969, to acquire Con-Force Products Ltd. and certain associated companies for \$4,600,000, of which \$2,434,000 was payable in cash at closing and the balance was due in equal instalments over five years without interest. In August, 1969, B.A.C.M. purchased from Genstar all outstanding shares of Redi-Mix Limited for \$3,025,000, satisfied through the issuance of 100,000 shares of B.A.C.M. treasury stock.

By S.L.P. dated July 17, 1969, the name of wholly-owned subsidiary, Sogemines Consultants Limited, was changed to Genstar Consultants Limited. By S.L.P. dated Aug. 18, 1969, the name Sogemines Investments Limited was changed to Genstar Investments Limited.

In mid-August, 1969, the company negotiated the sale of its equity and debt securities in Rothesay Paper Corporation (20% interest) to Feldmühle Aktiengesellschaft of Dusseldorf, West Germany, for a cash consideration of some \$7,000,000.

In June, 1969, the company acquired all the outstanding shares of Peace Navigation and Transportation Company Limited. In November, 1969, the company purchased 312,500 shares of Canadian Magnesite Mines Ltd. and entered into an agreement to purchase all the outstanding stock of S. N. Plummer Ltd. of Toronto.

In May, 1970, the company offered to acquire all the outstanding stock of B.A.C.M. not already owned by it or to be acquired under purchase agreements, in exchange for Genstar common stock on the basis of two Genstar shares for each B.A.C.M. common share. As the result of the share exchange offer, purchases under an agreement with certain B.A.C.M. shareholders entered into in 1968, acquisition of B.A.C.M. treasury stock and various cash purchases, Genstar increased its holdings of B.A.C.M. common stock from 57.1% to 99.2% during 1970.

Also in 1970, the company, through its wholly-owned subsidiary, Genstar Pacific Corporation, acquired all property, assets and business of Sutter Hill Company of California in exchange for 759,670 Genstar common shares, and agreed to grant certain holders of Sutter substitute stock options covering 113,558 Genstar common shares (see "Changes in Capital Stock" for details).

Effective July 1, 1970, the operations of Island Tug & Barge Limited, owned by McAllister Towing Ltd., and Vancouver Tug Boat Company, owned by Dillingham Corporation of Hawaii, were merged into a new company, Vanisle Tug & Barge Ltd., operating under the name of Seaspan International Limited.

In May, 1971, the company through B.A.C.M. acquired all of the outstanding shares of Edmonton Concrete Block Co. Ltd. for approximately \$1,840,000 cash. Also in the spring of 1971, Borger Construction Limited and Sun Gold Investments Ltd. and its sub-

sidiaries, Kelwood Corporation and Keith Construction Company all of Calgary, were purchased for approximately \$8,032,000 cash.

In December, 1971, the company acquired all the assets and subsidiaries of Ocean Cement & Supplies Ltd. and in January, 1972, 98.5% of its shares were acquired. Subsequently, shareholders of Ocean Cement approved a bylaw providing for cancellation of Ocean's charter and dissolution of the company. Following the distribution of Ocean's cash assets to its shareholders, the total cost of the transaction to Genstar was \$33,062,000 satisfied by \$2,403,000 paid in cash, \$750,000 paid in notes and \$29,909,000 paid in 6% convertible debentures.

During 1972, the operations of Peace Navigation and Transport Company Limited, Neelon Steel Limited and S. N. Plummer Ltd. were closed down. By S.L.P. dated Dec. 7, 1972, the name Genstar Consultants Limited was changed to Genstar Western Limited.

During 1973, the company through a wholly-owned subsidiary acquired all the outstanding shares of Richard B. Smith, Inc. (name changed to Broadmoor Homes, Inc.), a California-based home builder. Interest held in Vanisle Tug & Barge Ltd. was increased to 100% through the purchase of 50% of the outstanding shares of the company from Dillingham Corporation of Honolulu for \$10,400,000 cash. The operations of Indussa Canada Ltd. were sold during the year.

In September, 1973, the company signed an agreement with S. A. Cimenteries CBR Cementbedrijven, N.V. of Belgium to acquire the majority interest in Miron Company Ltd. of Montreal. Terms of the agreement were that Miron shareholders were offered the following shares: 11 series A preferred shares of the company for every 17 series A preferred shares of Miron; and one series B preferred share of the company for every 3.4 class A shares of Miron. As at June 7, 1974, Genstar had acquired all the issued and outstanding shares of the company.

In April, 1974, the company sold its 13% interest in Fraser Companies, Ltd.

In 1976, Genstar Corporation, a holding company for the United States subsidiaries, was wound up. Markle Steel Co. was sold and the name Brockville Chemical Industries Limited was changed to Genstar Chemical Limited. Also during the year, the company formed Genstar Materials Limited, Genstar Construction Limited and Genstar Homes Limited.

Effective July 28, 1976, Genstar acquired 7,326,099 shares (62.4% interest) of Abbey Glen Property Corporation, a company engaged in land development and revenue property businesses in Canada and the United States. Cost was \$6.75 per share, or a total of about \$49 million. Subsequently Genstar offered to purchase the remaining outstanding shares of Abbey Glen pursuant to an arrangement whereby minority shareholders could accept \$6.75 per reclassified Abbey Glen common share and Canadian resident minority shareholders had the alternative right to exchange their reclassified shares on the basis of ten Abbey Glen shares for three Genstar series D preferred shares. On Mar. 1, 1977, outstanding reclassified Abbey Glen common shares were redeemed and Abbey Glen became a wholly-owned subsidiary of Genstar. In 1977, a substantial portion of this subsidiary's income producing residential and commercial property was sold for \$150 million.

In July, 1977, the company acquired Georgia Towing Co. Ltd. of Vancouver and on Oct. 7, 1977, Genstar Homes of Texas, Inc. was formed.

On May 8, 1978, Indussa Corporation, which carried out the operations of the industrial products division, was sold for book value. Also in 1978, the company reached an agreement in principle with ATCO Industries Ltd., whereby ATCO would become a partner in the Alberta Land Development Company, a partnership of Genstar companies holding over 13,000 acres of land in Alberta.

In August, 1978, the company acquired in the market approximately 20% of the outstanding common shares of The Flintkote Company, a major producer of basic

materials and products for the building and construction industries in the United States.

On Nov. 30, 1978, the company acquired all outstanding shares of Americal Instrument Corporation of Palo Alto, Calif., parent company of Rental Electronics Inc. and Rental Electronics Ltd.; and all outstanding shares of Westmor Corporation of California, holding company for Western Mortgage Corporation, for approximately \$7,500,000.

Effective Dec. 31, 1978, subsidiary Abbey Glen Property Corporation amalgamated with the parent company.

On Jan. 30, 1979, Westmor Corporation and Genstar Financial Inc. merged. As a result, Westmor and its subsidiary, Western Mortgage Corporation, became wholly-owned subsidiaries of Genstar.

Also, early in 1979, the company sold its 20% interest in Qume Corporation to ITT Corporation for 970,000 shares of that company. It also sold the cement and cement products operations of Miron Company Limited to Interdec (Canada) N.V.; the construction division of Miron Company was not included in the transaction.

Other transactions effected in 1979 included sale of investment in certain revenue properties to N.-M. Skalbania of Vancouver for approximately \$100 million; sale of the Londonderry shopping mall in Edmonton to the Lehnndorff Group of Toronto for \$35 million; disbanding of the Global Transport Organization (GTO) joint venture; sale of the East Line trailer service and other interests in Saudi Arabia; sale of interest in Arctic Transportation Ltd.; and sale of interests in international and domestic marine joint ventures.

On July 1, 1979, the company and Noranda Mines entered into a partnership to form Nutrite Inc., a new company which acquired Genstar's Nutrite Farm Fertilizer assets and business.

In early 1980, the company acquired all the outstanding common stock of U.S. Rubber Reclaiming Company, Inc. by way of an exchange of one series B second preferred share of the company for each share of U.S. Rubber. U.S. Rubber was amalgamated with a subsidiary of the company on Jan. 10. Total consideration was approximately \$10.6 million in preferred stock.

Shareholders of The Flintkote Company accepted the company's offer for all outstanding shares of the company at US\$55 per share and Flintkote was amalgamated with a wholly-owned subsidiary on Feb. 8, 1980. Total purchase price was \$446,755,000.

During 1980, the company sold the cement plants of Flintkote at Kosmosdale, Ky. and Glens Falls, N.Y. for approximately US\$54 million. A facility for asphalt emulsion production in eastern Canada was also sold.

In late 1980, the company agreed to purchase TXL Corporation of San Francisco.

Name of the company was changed to Genstar Corporation from Genstar Limited on June 15, 1981, and in early 1981 the head office was moved from Montreal to Vancouver.

Following an offer by First City Financial Corporation Ltd. for all the outstanding shares of Canada Permanent Mortgage Corporation, Genstar made a competing offer for Canada Permanent of \$31 per common share and \$36.90 per series A convertible preferred share. The offer expired on July 31, 1981 and resulted in Genstar's holding 39.2% interest in Canada Permanent on a fully diluted basis. On Aug. 10, 1981, Genstar reached an agreement with First City Financial to acquire the 52% interest in Canada Permanent, which First City had bought under its offer and through other purchases, at \$35 per common share and \$41.65 per series A preferred share of Canada Permanent. The company made a subsequent offer to acquire the remaining 8% of Canada Permanent on Sept. 9, 1981, at \$35 per common and \$41.75 per series A share. The company had acquired 99.6% of the voting shares at Dec. 31, 1981. The common shares of Canada Permanent were delisted on Mar. 2, 1982 and the preferred shares on Apr. 2, 1982, from stock exchanges. In September, 1982, the company received final Government approval for the acquisition.

During 1981, the buildings materials division acquired Easley & Brassy Corporation and Briscoe-Maphis Inc. The Financial services division established Genstar Container Corporation late in the year and a new subsidiary, Sutter Hill Developments Limited, was created to be responsible for commercial real estate development and investments. On Mar. 31, 1981, the company sold the assets of its chemical division to Nitrochem Inc., a new company equally owned by Genstar and by the former management of Genstar Chemical Limited.

During 1982, the company's financial services subsidiaries were consolidated within newly formed Genstar Financial Corporation.

In 1983, the company sold its construction, packaged materials, aggregates, asphalt and concrete block businesses in eastern Canada and New York and sold its subsidiary, First American Title Guarantee Company of Oakland, Calif.

In September, 1984, GSX Corporation, a subsidiary created for the purpose, acquired 40% of the assets of SCA Services, Inc., a U.S. waste services company for approximately \$264,000,000. These assets included waste services operations in 17 states. Subsequently, in July, 1985, GSX sold about 20% of these assets, but purchased other solid-waste collection firms in Florida, Arizona and California during 1985.

In late 1984, the company closed down its home building operations in Texas and western Canada, and by mid-1985, with the exception of a few minor joint ventures with other builders, had withdrawn completely from residential construction.

The company's marine salvage and shipdocking operation in eastern Canada was also sold in mid-1984.

In February, 1985, Genstar purchased seven roofing product plants from Bird Incorporated, along with rights to certain Bird trade names, for approximately U.S.\$50,000,000. Plants were located in Arkansas, California, Louisiana, Oregon and South Carolina.

In June, 1985, the company sold all the assets of the gypsum wallboard operations in Western Canada. Westroc Industries Ltd. purchased the Vancouver, B.C. plant. Domtar Inc. purchased the Edmonton, Alberta and the Saskatoon, Saskatchewan plants and the Amaranth, Manitoba quarry site. Total proceeds were \$21,300,000.

In August, 1985, through subsidiary, Genstar Financial Corporation, the company acquired a 10% interest in Gordon Capital Corporation, a major Canadian securities dealer, for \$15,000,000, with the intention of forming a new jointly-owned subsidiary, initially capitalized with \$100,000,000, to make equity-related investments in Canada and the U.S.

Also in August, 1985, Genstar Financial Corporation made an offer for all outstanding common shares of Canada Trustco Mortgage Company at \$45.20 per share and acquired 94%, on a fully diluted basis, interest in Canada Trustco for a total cost of approximately \$1,200,000,000. Canada Trustco was amalgamated with Canada Permanent Mortgage Corporation. The amalgamated company was named Canada Trustco Mortgage Company, effective Jan. 1, 1986.

PRINCIPAL SUBSIDIARIES AND DIVISIONS

Building Materials:

Genstar Cement Limited—Edmonton, Alta., R. D. MacLean, pres.

Genstar Cement Company—Oakland, Calif., A. K. Mueller, pres.

Genstar Lime Company—San Mateo, Calif., J. L. Crawley, pres.

Genstar Structures Limited—Calgary, Alta., B. Irvine, pres.

Genstar Materials Limited—Calgary, Alta., R. C. Kruger, pres.

Genstar Stone Products Company—Hunt Valley, Md., T. O. Nuttle, pres.

Genstar Construction Services Limited—Edmonton, Alta., B. Amos, pres.

Genstar Gypsum Products Company—Irving, Texas, C. R. Kelley, pres.

Genstar Gypsum Limited—Edmonton, Alta., G. R. Thompson, pres.

Genstar Roofing Products Company—Irving, Texas, R. L. Lambden, pres.

Genstar Construction Materials Company—Calgary, Alta., D. Pickersgill, pres.

Industrial Services:

GSX Corporation—Boston, Mass., P. P. Casey, pres.

Genstar Conservation Systems, Inc.—San Mateo, Calif., W. D. Trewitt, pres.

Seaspan International Ltd.—North Vancouver, B.C., A. M. Fowles, pres.

Genstar Shipyard Limited—North Vancouver, B.C., W. D. Traill, pres.

Land and Real Estate Development:

Genstar Cascade Development—Carmas, Wash., D. Wood, v-p.

Genstar Land—U.S.A.—San Diego, Calif., F. D. Dembinsky, pres.

Genstar Southwest Development—San Diego, Calif., R. B. McLeod, pres.

Genstar Southern Development—Orlando, Fla., M. B. McAfee, pres.

Genstar Texas Development—Houston, Texas, J. E. Carr III, pres.

Genstar Development Company—Vancouver, B.C., L. Cosman, pres.

Sutter Hill Developments Limited—Toronto, Ont., R. M. Kirshner, pres.

Sutter Hill Limited—Palo Alto, Calif., G. F. Michals, pres.

Genstar Investment Services Corporation—Newport Beach, Calif., G. C. Myers, pres.

Genstar Pacific Development Ventures—Newport Beach, Calif., R. B. Payne, pres.

Financial Services:

Genstar Financial Corporation—Vancouver, B.C., J. A. C. Hilliker, pres. & chief exec. officer. A holding company, which in addition to a 10% interest in investment broker, Gordon Capital Corporation, has the following subsidiaries:

Canada Trustco Mortgage Company—London, Ont., M. L. Lahn, pres. & chief exec. officer. Created by the amalgamation of Canada Permanent Mortgage Corporation and Canada Trustco Mortgage Company, effective Jan. 1, 1986.

Genstar Container Corporation—San Francisco, Calif., T. S. Tan, pres.

Genstar Mortgage Corporation—Glendale, Calif., W. D. Rollnick, pres.

TLX Corporation—San Francisco, Calif., R. L. Bishop, pres.

Sutter Hill Ventures—Palo Alto, Calif., P. M. Wythes, D. L. Anderson, G. L. Baker, Jr., W. H. Younger, general partners.

Other Interests:

Energy Science & Consultants, Inc.—80% interest.

Nitrochem Inc.—50% interest.

OFFICERS AND DIRECTORS

Officers—A. A. MacNaughton, chm. & chief exec. officer; R. J. Turner, pres. & chief exec. officer; J. A. West, W. S. Bannister, J. L. Holman, G. F. Michals, exec. v-p's; P. J. Kehoe, sr. v-p; J. E. Hartz, Jr., sr. v-p & gen. counsel; R. D. Paterson, sr. v-p & chief fin. officer; J. H. Gaul, Jr., v-p & treas.; L. E. Whitworth, A. W. Falk, R. D. Maclean, J. H. Chase, v-p's; P. T. Coté, sec.; C. J. B. McNamara, v-p & cont.

Directors—René Lamy, Yves du Parc, Charles de Bar, Brussels, Belgium; F. S. Capon, Chester, N.S.; A. A. Franck, Pembroke, Bermuda; W. E. McLaughlin, J. W. Burns, Montreal; A. A. MacNaughton, R. J. Turner, F. W. Mielke, Jr., San Francisco, Calif.; D. R. Getty, P. Loughheed, Edmonton; Saul Simkin, Winnipeg, Man.; A. F. Campney, Vancouver; W. F. Light, Mississauga, Ont.; S. R. Volk, New York.

CAPITAL STOCK (As at Dec. 31, 1984)

	Author.	Outstand.
Pref.	5,000,000 shs.	
Ser. A, B & D		53,000 shs.
2nd Pref.	20,000,000 shs.	
Ser. A		1,000,000 shs.
Ser. B		210,000 shs.
Ser. C		2,976,000 shs.
Ser. D		4,000,000 shs.
Ser. E		4,000,000 shs.
Ser. SP		627,000 shs.
Common	■ unlimited	31,738,000 shs.

■ A total of 199,000 new common shares are reserved for the exercise of outstanding options, 7,709,000 shares for conversion of preferred shares; and 343,000 shares for conversion of debentures.

Note: All outstanding series C, second preferred shares were redeemed on Mar. 17, 1986 at \$33.10 per share plus accrued dividends to the date of redemption.

Preferred—Authorized to a total of 5,000,000 shares; issuable in series. Senior in rank to common and second preferred stock in respect to payment of dividends and distribution of assets.

\$1.10 Preferred, Series A—Entitled to cumulative cash dividends at the rate of \$1.10 per share per annum.

Redeemable after Dec. 31, 1975 at \$22 per share to and including Dec. 31, 1981; thereafter at \$21 per share to and including Dec. 31, 1983; and thereafter at \$20 per share; plus accrued dividends in each case. No redemption from Jan. 1, 1976 to Dec. 31, 1978, if the market price of common shares was less than 120% the conversion price.

Voting—Entitled to one vote per share.

Convertible—Were convertible into common stock on the basis of two shares for each preferred share held up to Dec. 31, 1983.

Offered—In late 1973 to series A preferred shareholders of Miron Company Ltd. on basis of 11 Genstar series A preferred for every 17 Miron series A preferred shares held.

\$1.20 Preferred, Series B—Entitled to non-cumulative cash dividends at the rate of \$1.20 per share per annum.

Redeemable after Dec. 31, 1975 at \$22 per share to and including Dec. 31, 1981; thereafter at \$21 per share to and including Dec. 31, 1983; and thereafter at \$20 per share; plus non-cumulative dividends for the current fiscal year and all declared but unpaid dividends in each case.

Voting—Entitled to one vote per share.

Convertible—Were convertible into common stock on the basis of two shares for each preferred share held up to Dec. 31, 1983.

Offered—In late 1973 to class A shareholders of Miron Company Ltd. on basis of one Genstar series B preferred for every 3.4 Miron class A shares.

\$1.50 Preferred, Series D—Entitled to cumulative cash dividends at the annual rate of \$1.50 per share.

Redeemable in whole or in part any time after Jan. 1, 1980, at \$24 per share plus accrued dividends.

Voting—Entitled to one vote per share.

Convertible—Into common stock on the basis of two shares for each preferred share held up to June 30, 1987.

Offered—In August, 1976, in exchange for class A special shares of Abbey Glen Property Corp.

Second Preferred—Rank junior to preferred shares, issuable in series ranking pari passu. Authorized to a total of 20,000,000 shares.

Second Preferred, Series A—Entitled to cumulative variable-rate dividends based primarily on LIBOR. At Dec. 31, 1984, rate was 6.38%.

Redeemable at US\$103 during the year ended Oct. 31, 1980; at US\$102 thereafter to Oct. 31, 1981; and at US\$100 thereafter.

At the option of the holder, the company will repurchase up to 330,000 shares each on Nov. 1, 1986 and Nov. 1, 1987, and the balance on Nov. 1, 1988.

Voting—The series A shares are non-voting.

Offered—1,000,000 series A second preferred shares were issued to the Royal Bank of Canada for US\$100 million on Oct. 31, 1978.

Second Preferred, Series B—Entitled to cumulative preferred dividends at the rate of US\$1.68 per annum.

Redeemable at US\$25.00 per share and convertible at a stated value of Cdn\$24.40 each into nine-tenths of a common share of the company.

Voting—Entitled to one vote per share.

Issued—In January, 1980 in exchange for all outstanding shares of U.S. Rubber Reclaiming Co., Inc.

\$2.35 Convertible Second Preferred, Series C—Entitled to fixed cumulative preferred cash dividends at the rate of \$2.35 per annum.

In the event of liquidation, dissolution or winding-up, entitled to \$31.50 per share plus accrued dividends. If liquidation, etc. is voluntary, entitled to an additional amount equal to the redemption premium, if any, which would have been payable on the redemption of such shares if they had been called for redemption on the date of distribution.

Redemption—Non-redeemable prior to June 30, 1985, thereafter redeemable on or before June 30, 1986 at \$33.10 per share, the price thereafter declining by \$0.32 per share each 12-month period until June 30, 1990; and thereafter redeemable at \$31.50 per share, in each case together with accrued and unpaid dividends to date fixed for redemption.

Purchase Fund—During each calendar quarter, commencing with July 1, 1990, the company shall make all reasonable effort to purchase 1% of the number of series C second preferred shares outstanding at June 30, 1990, at a price not exceeding \$31.50 per share plus accrued and unpaid dividends and costs of purchase. Such obligation if not fulfilled in any calendar quarter shall only carry over to the succeeding calendar quarters of the same calendar year.

Conversion—Convertible at the option of the holder into common share at any time on or prior to June 30, 1990, or the third business day prior to the date fixed for redemption, whichever is earlier, on the basis of one common share for each series C second preferred share converted.

Voting—Entitled to one vote per share.

Purpose of Issue—Net proceeds used to repay a portion of indebtedness incurred for the purpose of acquiring The Flintkote Company and for other corporate purposes.

Offered—3,000,000 shares in January, 1980, at \$31.50 per share by a group headed by Wood Gundy Limited, Greenshields Inc., Pitfield Mackay Ross Ltd. and Dominion Securities Ltd.

Note: All outstanding Series C, second preferred shares were redeemed at \$33.10 cash plus accrued dividends of 49.61 cents per share to shareholders of record Feb. 26, 1986. These shares were also convertible to Mar. 12, 1986 on a share-for-share basis into common shares.

Floating Rate Convertible Retractable Second Preferred, Series D—Entitled to quarterly cumulative preferred dividends payable in an amount determined by applying to \$25.00 one-quarter of the greater of (i) 8% or (ii) 66.67% of the average of the prime interest rates quoted by two major Canadian banks for stated periods, subject to a maximum quarterly rate of one-quarter of 14%.

In the event of liquidation, dissolution or winding-up, entitled to \$25.00 per share plus an amount equal to all accrued and unpaid dividends up to the date of payment or distribution before any payment or distribution is made to the holders of the common shares or any other shares ranking junior to the Series D Second Preferred Shares. Upon payment of such amounts, holders will not be entitled to share in any further distribution of the assets of the company.

Retraction—Holder may require the company to purchase any or all of his series D Second Preferred Shares on Mar. 31, 1990 or on any September 30 thereafter to and including Sept. 30, 1994 at a price equal to \$25.00 per share plus an amount equal to all accrued

and unpaid dividends to but not including the date of payment.

Redemption—Non redeemable prior to Sept. 30, 1994. Subject to applicable law and "Restriction on dividends, retirement and issue of shares", on or after that date the company, upon giving notice not less than 30 and not more than 60 days prior to the proposed Second Preferred Shares on payment of \$25.00 per share and all accrued and unpaid dividends thereon up to but not including the date fixed for redemption. In the case of partial redemption the shares to be redeemed will be selected by lot or, if the board of directors so determines, may be redeemed pro rata disregarding fractions.

Purchase Fund—The company may at any time or from time to time purchase for cancellation all or any number of series D Second Preferred Shares at any price by tender to all holders or through the facilities of any stock exchange on which the shares are listed, or in any other manner provided that, in such case, the price for such shares so purchased for cancellation shall not exceed the highest price offered for a board lot of the series D on any stock exchange on which the shares are listed on the date of purchase for cancellation in any such other manner.

Conversion—Convertible at the option of the holder at any time, into fully paid and non-assessable common shares at a conversion price of \$32.50 per common share and subject to adjustment in certain events.

Voting—Holders of the series D Second Preferred Shares will not be entitled as such to receive notice of, or to attend, or to vote at, any meeting of the shareholders of the company unless the company has failed to pay eight quarterly dividends on the series D Second Preferred Shares, whether or not consecutive, when entitled to one vote per series D second preferred share held, voting separately as a class and in conjunction with holders of other second preferred shares which may then have such right, to elect two directors to the board.

Priority—In respect to payment of dividends or distribution of assets, ranks junior to the first preferred shares or any class of senior preferred stock; senior to common stock or other class of junior stock; and on a parity with any other series of second preferred stock.

Purpose of Issue—Net proceeds used to repay a portion of the company's floating rate indebtedness.

Offered—4,000,000 shares in October, 1984, at \$25.00 per share by groups managed by Daly Gordon Securities and Richardson Greenshields of Canada Limited.

\$2.375 Retractable Second Preferred, Series E—Entitled to fixed cumulative preferred cash dividends of \$2.375 per annum, paid quarterly.

In the event of liquidation, dissolution or winding up of the company, entitled to receive \$25 per share plus an amount equal to all accrued and unpaid dividends up to the date of payment or distribution before any payment or distribution is made to common shareholders or any other shares ranking junior to the series E second preferred shares.

Retraction—Holder may require the company to purchase any or all of his series E second preferred shares on Nov. 15, 1990 or on any Nov. 15 thereafter to and including Nov. 15, 1994 at a price equal to \$25 per share plus an amount equal to all accrued and unpaid dividends to, but not including, the date of payment.

Redemption—Non-redeemable prior to Nov. 15, 1990. On or after that date redeemable at the option of the company in whole or in part on not less than 30 days' and not more than 60 days' notice at a price of \$25 per share plus accrued and unpaid dividends up to, but not including, the date fixed for redemption.

Purchase Fund—The company may at any time or from time to time purchase all or any number of the series E second preferred shares by tender or through any stock exchange on which the series E shares are listed, or in any other manner provided that, in such case, the price of the shares so purchased shall not exceed the highest price offered for a board lot on any stock exchange on which such shares are listed on the date of purchase in any such other manner.

Purchase Obligation—The company shall make all reasonable efforts to purchase in each calendar quarter commencing Jan. 1, 1995 at a price not exceeding \$25 per share plus accrued and unpaid dividends and cost of purchase, 0.75% of the number of series E second preferred shares outstanding on Nov. 15, 1994. Such obligation, if unfulfilled in any quarter shall carry over to the succeeding calendar quarters of the same calendar year and thereafter be extinguished.

Conversion—Will be convertible into one or more further series of preferred shares upon amendment of the Articles of the Corporation or a resolution by the board of directors setting out terms and conditions of such conversion.

Modification—The provisions attaching to the series E second preferred shares as a series may not be repealed, amended or modified except by approval of at least two-thirds of the votes cast at a meeting of the holders of such shares duly called for the purpose and at which a quorum is present.

Voting—Non-voting unless eight quarterly dividends in arrears, when entitled to one vote for each series E second preferred share held, and voting separately as a class and in conjunction with holders of other second preferred shares which may then have such right, as a class to elect two directors to the board.

Purpose of Issue—Net proceeds used to reduce the company's floating rate indebtedness.

Offered—4,000,000 shares on Nov. 20, 1984, at \$25 per share by Dominion Securities Pittfield Limited and Wood Gundy Inc.

Second Preferred, Series SP (1979 issue)—Non-cumulative, voting, convertible shares with a stated value of US\$5.25 per share. Convertible into common shares for ten years from date of issue under a conversion formula not to exceed exchange on a share-for-share basis.

Second Preferred, Series SP (1980 issue)—Non-cumulative, voting convertible shares with a stated value of US\$13.75 per sh. Conversion formula not to exceed issuance of 1.9 common shares for each preferred share.

Common—One vote per share.

1982 Stock Option Plan—Options have been granted whereby common shares may be purchased by employees at a price equal to 100% of market as of the date of grant. At Dec. 31, 1984, employees held options for 149,070 shares at prices from US\$10.88 to US\$25.57 per share, of which 93,245 are currently exercisable.

1965 Stock Option Plan—At Dec. 31, 1984, options were outstanding to purchase 50,000 common shares at 90% of market price on the grant date, being \$11.99 to \$15.75 per share; 38,000 were currently exercisable.

1969 Stock Purchase Plan—Under the terms of this plan, trustees have purchased, at approximately 99% of market, 20,925 common shares for the benefit of employees who are officers and 196,655 common shares for the benefit of other employees. The participants pay \$10.83 to \$42.14 for the shares over a period of seven years together with interest calculated at 5% per annum. The shares are held as security until full payment has been received.

1979 Stock Purchase Plan—Under the terms of this plan, 626,500 series SP second preferred shares were held by officers, directors and were held by other employees at Dec. 31, 1984. Participants pay US\$5.48 to US\$12.62 for the shares over a period of ten years together with interest currently set at 9% per annum. Non-cumulative dividends are paid at the annual rate of US\$0.66 to US\$1.51 per share.

PRICE RANGE OF STOCK Common

Year	High	Low	Year	High	Low
1975	\$19.88	\$14.38	1980	\$47.00	\$25.00
1976	24.00	19.00	1981	42.75	18.38
1977	28.00	22.38	1982	24.75	8.88
1978	38.00	25.50	1983	38.75	20.25
1979	27.75	18.38	1984	31.50	19.25

▲Following 2-for-1 stock split May 3, 1979.

Series B Preferred

Year	High	Low	Year	High	Low
1974†	\$19.25	\$17.13	1979-80	No trades.	
1975	19.50	18.13	1981	45.00	40.00
1976	21.88	21.00	1982	18.00	14.00
1977	23.75	22.88	1983	20.00	20.00
1978	27.25	27.25	1984	11.00	10.13

†Listed Mar. 4.

Series D Preferred

Year	High	Low	Year	High	Low
1977†	\$27.38	\$22.50	1981	\$80.00	\$62.00
1978	36.00	25.75	1982	45.00	42.00
1979	52.50	38.25	1983	60.00	45.00
1980	85.50	53.50	1984	46.25	46.00

†Listed Feb. 25.

Series C Second Preferred

Year	High	Low	Year	High	Low
1980□	\$47.00	\$31.13	1983	\$41.00	\$24.75
1981	44.00	21.00	1984	36.00	26.63
1982	26.25	15.00			

□ Listed May 5.

Series D Second Preferred

Year	High	Low	Year	High	Low
1984▲	\$28.00	\$26.38			

▲Listed Oct. 22.

Series E Second Preferred

Year	High	Low	Year	High	Low
1984▲	\$25.13	\$24.75			

▲Listed Nov. 22.

CHANGES IN CAPITAL STOCK

By S.L.P. dated June 15, 1955, authorized capital was changed from 150,000 5% non-cumulative redeemable preferred shares, \$100 par, and 50,000 ordinary shares, \$100 par, to 1,500,000 6% non-cumulative, non-redeemable participating preferred shares, \$10 par, and 5,000,000 ordinary shares, \$1 par.

Outstanding capital stock at Dec. 31, 1955, was 928,530 preferred and 2,145,100 ordinary shares (including 475,800 and 636,000 shares respectively, issued during 1955).

During 1956, 423,500 preferred and 350,000 ordinary shares were issued, of which 350,000 preferred shares were sold to the public at \$15.25 per share.

On June 14, 1957, S.L.P. were issued authorizing increase in capital to 3,750,000 non-cumulative participating preferred shares and 12,500,000 ordinary shares.

In 1957, 341,633 preferred and 623,775 ordinary shares were issued under a rights offering. An additional 14,500 preferred shares were sold privately.

Options were exercised during 1960 on 22,000 preferred shares.

By S.L.P. dated Sept. 9, 1965, the preferred and ordinary stocks of the company were unified into one class of new n.p.v. common shares, on the basis of one new common share for each preferred share and one new common share for each ten ordinary shares, and the authorized capital of the company was increased to 8,000,000 new common shares, without par value. As a result, the then outstanding preferred shares were replaced by 1,730,163 new common shares and the then outstanding ordinary stock by 311,887 common shares. In addition, a total of 2,659,354 new common shares was issued in October, 1965, in exchange for the shares of Brockville Chemicals Ltd., Inland Cement Co. Ltd. and Iroquois Glass Ltd. not already held by the company (see also under "History").

In 1967, 125,256 common shares were issued in exchange for all outstanding stock of Indussa Corporation of N.Y., 16,950 shares were issued upon exercise of stock options and 25,000 shares were issued for cash at \$13.50 per share.

To Dec. 31, 1968, 729,166 shares were issued in exchange for capital stock of McAllister Towing Ltd., 2,700 shares on acquisition of J. Kearns Transport Ltd., 450,000 shares as part consideration for the acquisition of controlling interest in B.A.C.M. Industries Ltd., 5,950 shares under the stock option plan, and 20 shares on exercise of warrants.

By S.L.P. dated Feb. 25, 1969, the authorized capital of the company was increased to 15,000,000 com-

mon shares without nominal or par value and 2,000,000 preferred shares of \$50 par value issuable in series.

During 1969, 800,000 common shares were sold in the U.S. for a total cash consideration of Cdn\$11,577,600; 57,198 shares were issued in part payment for stock of B.A.C.M.; 55,050 shares were issued under options; 51,300 shares were issued under the stock purchase plan; 1,179 shares were issued in exchange for shares of McAllister Towing Ltd.; and 180 shares upon exercise of share purchase warrants.

During 1970, the company issued 958,222 shares in exchange for shares of B.A.C.M.; 22 shares in exchange for shares of McAllister Towing Ltd.; 759,670 share upon acquisition of Genstar Pacific Corporation; 51,346 shares under substitute stock option agreements; 16,000 shares under the stock purchase plan; and 400 shares under the employee stock option plan.

During 1971, the company issued 110,000 shares in payment of notes; 27,787 shares under the substitute stock option agreement; 17,000 shares under the stock purchase plan; 600 shares under the employee stock option plan; and 530 shares in exchange for shares of B.A.C.M.

During 1972, the company issued 76,650 shares under employees' options and stock purchase plans; 3,016 shares upon the conversion of debentures and 220 shares upon the exercise of warrants.

By S.L.P. dated Nov. 7, 1973, the 2,000,000 authorized but unissued preferred shares of \$50 par value were subdivided into 5,000,000 preferred shares of \$20 par value, issuable in series of which 457,978, 1,205,970 and 43,127 preferred shares were designated as series A, B and C, respectively. Subsequently, 11 Genstar series A preferred shares were offered for every 17 Miron Company Ltd. series A preferred shares; and one Genstar series B preferred share was offered for every 3.4 Miron class A shares. In addition, 228,571 outstanding Miron common shares were exchanged for 43,127 series C preferred shares of Genstar.

In 1973, 1,504,402 common shares were issued for the conversion of long-term debt; 133,334 shares in exchange for shares of a subsidiary; 91,751 shares for the payment of long-term debt; and 40,710 common shares were issued under the purchase plan and the exercise of options and warrants.

In 1974, 224,468 common shares were issued for the conversion of long-term debt; 5,161 shares on conversion of preferred shares; 5,020 shares on exercise of warrants; and 77,850 shares on the exercise of options and under the stock purchase plan.

In 1975, 229,145 common shares were issued for the conversion of long-term debt; 74,734 shares on conversion of preferred shares; 22,940 shares on the exercise of warrants; and 69,640 shares were issued under the purchase plan and for the exercise of options.

During 1976, 200,000 common shares were issued on conversion of long-term debt; 69,000 common shares were issued on conversion of preferred shares; and 94,000 common shares were issued under the purchase plan and on exercise of warrants and options. A total of 324,000 series D preferred shares were issued in connection with the acquisition of Abbey Glen Property Corporation, and 69,000 preferred shares were converted into common stock.

In April, 1977, 20,000,000 second preferred shares of \$20 par value were created. Effective June 30, 1977, through the issuance of a Certificate of Continuance the company continued under the Canada Business Corporations Act. Thus, all stock became without nominal or par value and the authorized common shares became unlimited in number.

Also during 1977, 60,000 common shares were issued in exchange for shares of a subsidiary; 740,000 common shares were issued on the conversion of preferred shares; and 192,000 common shares were issued under the purchase plan and on exercise of options and warrants. A total of 58,000 preferred shares were issued in exchange for a subsidiary, and 740,000 preferred shares were converted to common shares.

On Oct. 31, 1978, 1,000,000 series A second preferred shares were issued to The Royal Bank of Canada for US\$100 million.

During 1978, all outstanding series C preferred shares were converted into series B preferred shares; 98,000 preferred shares were issued for shares of a subsidiary company; 240,000 preferred shares were converted into a like number of common shares; and 299,000 common shares were issued on exercise of outstanding warrants and options. At Dec. 31, 1978, there were 7,000 series A preferred, 294,000 series B preferred, 213,000 series D preferred, 1,000,000 series A second preferred, and 13,416,000 common shares outstanding.

Effective May 31, 1979, authorized and issued common shares were split on a 2-for-1 basis.

In 1979, 513,000 common shares were issued on conversion of 257,000 preferred shares; 35,000 common shares were issued under the stock option plan and exercise of warrants and options; 525,000 series SP second preferred shares were issued under an employee stock purchase plan; and 13,000 preferred shares were issued in exchange for shares, options and warrants of an amalgamated subsidiary.

In January, 1980, 439,000 series B second preferred shares were issued in exchange for common shares of U.S. Rubber Reclaiming Company, Inc. In February, 1980, 3,000,000 series C second preferred shares were sold in Canada at \$31.50 per share. A total of 340,000 series SP second preferred shares were issued to officers and directors in 1980 and 100,000 series D preferred shares were issued in exchange for options and warrants of an amalgamated subsidiary. Common shares were issued during the year as follows: 2,000,000 shares pursuant to a public offering of 1,000,000 shares in Canada at \$42.25 and 1,000,000 shares in the United States at US\$36.25; 316,000 shares on conversion of debentures; 500,000 shares on conversion of preferred shares; and 19,000 shares under the stock purchase plan and on exercise of options and warrants.

Shares issued in 1981 included 114,000 series SP second preferred and 41,000 preferred, series D shares. Also, 224,000 common shares were issued as the result of the conversion of 314 series A preferred; 13,955 series B preferred; 47,417 series D preferred; 102,000 series B second preferred and 7,650 series C second preferred shares. On conversion of debentures, 81,000 common shares were issued and 69,000 common shares were issued under options and warrants.

During 1982, 497 series SP second preferred shares were issued and 751 of the same shares were redeemed. A total of 16,000 common shares were issued on conversion of 8,000 preferred shares and 3,000 series SP second preferred shares.

Additional common shares issued were 17,000 shares in exchange for convertible debentures and 256,000 shares under stock purchase plans and on exercise of options and warrants.

During 1983, 309,000 common shares were issued on conversion of preferred shares; 33,000 common shares were issued on conversion of debentures; and 139,000 common shares were issued under stock purchase plans and stock options. In addition, 76,000 series SP shares were issued.

In October, 1984, 4,000,000 series D second preferred shares and in November, 1984, 4,000,000 series E second preferred shares were issued at \$25 per share. During 1984, 8,000 common shares were issued on conversion of 1,000 series A and B preferred shares and 7,000 series SP second preferred shares; 169,000 common shares were issued under stock purchase plans and on the exercise of options; 202,000 common shares were issued on conversion of debentures; and 82,000 series SP second preferred shares were issued.

Capital stock outstanding at Dec. 31, 1984, comprised 53,000 series A, B, and D preferred shares; 1,000,000 series A, 210,000 series B, 2,976,000 series C, 4,000,000 series d, and 4,000,000 series E sec-

and preferred shares; and 31,738,000 common shares.

In September, 1985, 5,000,000 common shares were sold to the public at \$31.625 per share.

DIVIDENDS

\$1.10 Preferred, Series A—Initial semiannual dividend of 55 cents per share was paid June 27, 1974; paid regularly since.

\$1.20 Preferred, Series B—Initial semiannual dividend of 60 cents per share was paid June 27, 1974; paid regularly since.

\$1.50 Preferred, Series D—Initial semiannual dividend of 36.16 cents per share was paid Jan. 31, 1977; 62.15 cents paid June 27, 1977, covering period from Jan. 31 to June 27. Regular semiannual payment of 75 cents per share was paid Dec. 20, 1977; paid regularly since.

Second Preferred, Series A—Entitled to cumulative variable-rate dividends based primarily on the London Inter-Bank Offering Rate. At Dec. 31, 1984, the rate was 6.38%. Paid regularly.

Second Preferred, Series B—Initial dividend of US\$0.372 per share paid Mar. 31, 1980. Dividend of US\$0.42 paid June 27, 1980 and regularly quarterly since.

Second Preferred, Series C—Initial dividend of 88.45 cents per share was paid on June 27, 1980. Dividend of 58.4 cents paid Sept. 30, 1980 and regularly quarterly since. Following payment of 58.75 cents on Dec. 31, 1985, a payment of 49.61 cents per share was made on Mar. 17, 1986 on redemption of all outstanding shares to shareholders of record Feb. 26, 1986.

Second Preferred, Series D—Entitled to annual cumulative preferred dividends, payable quarterly, in an amount determined by applying to \$25 the greater of (i) 8% or (ii) 66.67% of the average of the prime interest rates quoted by two major Canadian banks for stated periods, subject to a maximum annual rate of 14%. Initial dividend of \$0.43304 paid on Dec. 31, 1984; dividend of 50 cents per share paid Mar. 31, 1985 and thereafter.

Second Preferred, Series E—Initial dividend of 27.33 cents per share paid Dec. 31, 1984; dividend of 59.375 cents per share paid on Mar. 31, 1985 and thereafter.

Common—Rate of \$1.20 cents per share per annum was established with the quarterly dividend of 30 cents per share declared payable on Sept. 30, 1985. Previously, dividends of 25 cents per share were paid quarterly from Dec. 31, 1984 to June 30, 1985, inclusive.

An initial annual dividend of 60 cents per share was paid Dec. 16, 1965, followed by annual payments of: 65 cents per share on each of Dec. 12, 1966, Jan. 12, 1968 and Dec. 31, 1968; 70 cents per share on Dec. 30, 1969, 40 cents per share on Dec. 31, 1970 and 60 cents per share on Dec. 27, 1971. Semiannual payment of 30 cents per share was made July 13, 1972; 35 cents per share on Dec. 17, 1972 and June 27, 1973; and 45 cents per share on Dec. 18, 1973. A rate of \$1 per share per annum was paid quarterly from Mar. 25, 1974 to Sept. 24, 1974; a rate of \$1.20 per share per annum was paid quarterly from Dec. 16, 1974 to Sept. 24, 1976; a rate of \$1.40 per share per annum was paid quarterly from Dec. 20, 1976 to Sept. 22, 1977; a rate of \$1.48 per share per annum was paid quarterly from Dec. 20, 1977 to Sept. 27, 1978; and dividends of 50 cents per share were paid Dec. 22, 1978 and Mar. 30, 1979.

Following the 2-for-1 split in May, 1979, quarterly dividends of 30 cents per share were paid June 26 and Sept. 25, 1979 and 40 cents per share was paid quarterly from Dec. 21, 1979 to Sept. 30, 1980, inclusive. Dividends of 45 cents per share were paid quarterly from Dec. 22, 1980 to Mar. 31, 1982, inclusive. Dividends of 15 cents per share were paid quarterly from June 30, 1982 to Sept. 30, 1983, inclusive.

Dividends of 20 cents per share were paid quarterly, from Dec. 31, 1983 to Sept. 28, 1984, inclusive; and 25 cents per share was paid quarterly from Dec. 31, 1984 to June 30, 1985, inclusive.

LONG-TERM DEBT

At Dec. 31, 1984, the company had outstanding a total of \$736,290,000 in long-term debt of which \$16,280,000 was due within one year. Repayment requirements over the next five years are: \$14,027,000 in 1985; \$12,559,000 in 1986; \$101,294,000 in 1987; \$56,826,000 in 1988; and \$59,755,000 in 1989. Details of public issues are as follows:

11½% Debentures:

Dated June 1, 1975; due June 1, 1995.

Principal and half-yearly interest (June and Dec. 1) payable in Canadian funds at any branch in Canada of the bank designated in the debentures.

Authorized and issued \$30,000,000; outstanding at Dec. 31, 1984, \$14,871,000.

Denominations—Coupon form registrable as to principal only in denominations of \$1,000 and in fully registered form in denominations of \$1,000 and multiples thereof.

Trustee—Montreal Trust Co.

Redemption—In whole or in part at any time at the option of the company on 30 days' notice at the following percentages of principal amount, on or before May 31 in each year:

1976 ..	111.25	1982 ..	107.35	1988 ..	103.45
1977 ..	110.60	1983 ..	106.70	1989 ..	102.80
1978 ..	109.95	1984 ..	106.05	1990 ..	102.15
1979 ..	109.30	1985 ..	105.40	1991 ..	101.50
1980 ..	108.65	1986 ..	104.75	1992 ..	100.85
1981 ..	108.00	1987 ..	104.10	1993 ..	100.20

and thereafter at par to maturity. The company may not redeem debentures prior to June 1, 1990, as part of a refunding operation having an effective interest cost of less than 11.82% per annum. The company may purchase the debentures in the open market or by tender or by private contract at prices not exceeding the current redemption rate plus accrued interest and costs of purchase.

Sinking Fund—Sufficient to retire on June 1 in each of the years 1976 to 1994, inclusive, \$1,500,000 principal amount of debentures. Debentures purchased or redeemed from other than sinking fund monies may be applied at their principal amount in satisfaction of sinking fund payments.

Security—Direct obligation of the company, and secured by a floating charge on all the present and future undertakings, properties and assets of the company in Canada.

Purpose of Issue—Net proceeds used to reduce short-term indebtedness incurred to provide funds for working capital and for capital expenditures.

Offered—In May, 1975, at 99.50 and accrued interest to yield 11.82% by a group headed by Pitfield, Mackay, Ross & Co. Ltd., Wood Gundy Ltd. and Green-shields Inc.

11¼% Debentures:

Dated Mar. 15, 1976; due Mar. 15, 1996.

Principal and half-yearly interest (Mar. and Sept. 15) payable in Canadian funds at any branch in Canada of the bank designated in the debentures.

Authorized and issued, \$50,000,000; outstanding at Dec. 31, 1984, \$34,490,000.

Denominations—Available in coupon form registrable as to principal only in the denomination of \$1,000, and in fully registered form in denominations of \$1,000 and multiples thereof.

Trustee—Montreal Trust Co.

Redemption—In whole or in part at the option of the company on not less than 30 days' notice, at the following percentages of principal amount, on or before Mar. 14 in each year:

1977 ..	111.25	1983 ..	107.65	1989 ..	103.90
1978 ..	110.65	1984 ..	107.05	1990 ..	103.25
1979 ..	110.05	1985 ..	106.45	1991 ..	102.60
1980 ..	109.45	1986 ..	105.85	1992 ..	101.95
1981 ..	108.85	1987 ..	105.20	1993 ..	101.30
1982 ..	108.25	1988 ..	104.55	1994 ..	100.65

and thereafter at par to maturity; in each case with accrued and unpaid interest to the date fixed for redemption. The company may not redeem debentures

prior to Mar. 15, 1991, as part of a refunding operation having an effective interest cost of less than 11¼% per annum. The company may purchase debentures in the open market or by tender or by private contract at prices not exceeding the current redemption price plus accrued interest together with costs of purchase. For sinking fund purposes redeemable at par plus accrued interest.

Purchase Fund—The company shall purchase in the market in each 12-month period ending Mar. 14 in the years 1977 to 1981, inclusive, at least \$2,500,000 principal amount of 11¼% debentures, at prices not exceeding the principal amount thereof plus accrued interest and costs of purchase. The purchase fund obligation is non-cumulative; 11¼% debentures purchased in any 12-month period in excess of the required amount will be available for purchase fund obligations in subsequent periods.

Sinking Fund—Sufficient to retire on Mar. 15 in each of the years 1982 to 1995, inclusive, \$2,500,000 principal amount of 11¼% debentures. Debentures purchased or redeemed will be available as a sinking fund credit equal to the principal amount thereof which may be applied to the satisfaction in whole or in part of sinking fund payments.

Security—Direct obligation of the company, and secured by a floating charge on all the present and future undertaking, properties and assets of the company in Canada.

Purpose of Issue—Net proceeds used to retire short-term indebtedness incurred to provide funds for working capital and for capital expenditures.

Offered—In February 1976, at 100 and accrued interest by a group headed by Wood Gundy Ltd., Pitfield, Mackay, Ross & Co. Ltd. and Greenshields Inc.

10% Debentures:

Dated June 1, 1979; due June 1, 1989.

Principal and interest (payable annually commencing June 1, 1980) payable in U.S. funds at the offices of any of the designated paying agents. In the event that the Government of Canada or any province or political subdivision thereof levies taxes, duties or other assessments, the company shall pay to the holder such additional amounts as will result in the payment to the holders of the amounts which would otherwise have been payable to them.

Authorized, and issued US\$50,000,000; outstanding at Dec. 31, 1984, Cdn\$51,468,000.

Denomination—Available in bearer form only in the denomination of US\$1,000 with interest coupons attached.

Trustee—Montreal Trust Co.

Redemption—Non-redeemable prior to June 1, 1983. On or after June 1, 1983, redeemable in whole or in part at the option of the company on not more than 60 nor less than 30 days' notice at the following percentages of principal amount, if redeemed during the 12-month period commencing June 1:

1983 ..	102.50	1985 ..	101.50	1987 ..	100.50
1984 ..	102.00	1986 ..	101.00		

and thereafter at par; in each case plus accrued interest. Should the company be required by law to pay additional taxes, etc., the company may at any time thereafter, on giving not less than 30 days' notice, redeem all (but not less than all) of the debentures at the principal amount plus accrued interest.

The company may at any time purchase the debentures in the open market or by tender or private contract at any price (exclusive of expenses and accrued interest) not exceeding the principal amount.

Purchase Fund—The purchase agent, Société Générale de Banque S.A., will endeavour to purchase for the account of the company at such prices as the purchase agent may in its sole discretion consider reasonable but not in excess of 98.50 (exclusive accrued interest and expenses), US\$2,000,000 principal amount of debentures during each of the years ending June 1, 1980 and 1981 and US\$1,000,000 during each of the years ending June 1, 1982 and 1983, plus debentures in the principal amount equal to the defi-

ciency during the six-month period immediately following such year.

Sinking Fund—Sufficient to retire on June 1 in each of the years 1984 to 1988, inclusive, US\$2,500,000 principal amount of debentures. For sinking fund purposes redeemable at the principal amount plus accrued interest. The debentures purchased or redeemed by the company for other than sinking fund purposes will be available as a sinking fund credit equal to the principal amount thereof which may be applied to the satisfaction in whole or in part of sinking fund payments.

Security—Direct obligation of the company, ranking pari passu with and secured equally and rateably with all debentures outstanding by a floating charge on all the present and future undertaking, properties and assets of the company in Canada.

Purpose of Issue—Net proceeds added to the company's working capital and utilized to reduce short-term bank loans.

Offered—In May, 1979, in the international market at 98.50 by a group headed by Société Générale de Banque S.A., Wood Gundy Ltd., Credit Suisse First Boston Ltd., Daiwa Europe N.V., Kredietbank International Group, Kuwait Investment Co. (S.A.K.), Orion Bank Ltd., Société Générale, Union Bank of Switzerland (Securities) and Westdeutsche Landesbank Girozentrale.

17½% Debentures:

Dated Oct. 15, 1981; due Oct. 15, 1989.

Principal, annual interest (Oct. 15) and redemption premium, if any, is payable in U.S. funds at the office of the paying agents in Vancouver and New York city, or at the option of the holder at the office of the paying agents in Europe. Interest payments to holders not resident in Canada are not subject to Canadian withholding taxes.

Authorized, issued US\$75,000,000; outstanding at Dec. 31, 1984, Cdn\$98,967,000.

Denominations—Issued in bearer form only in denominations of US\$1,000 each.

Trustee—Montreal Trust Co.

Redemption—Not redeemable before Oct. 15, 1986. On or after that date redeemable at the option of the company in whole or in part on not less than 30 and not more than 60 days' notice at 102% of the principal amount if redeemed on or before Oct. 14, 1987; thereafter at 101% on or before Oct. 14, 1988; and thereafter at par; plus accrued interest to the date of redemption in each case.

The company may at any time purchase such debentures in open market, or by tender or private contract at a price not exceeding par plus costs and accrued interest. In addition, if as a result of any change in federal or provincial tax laws the company is required to make additional payments to interest payable, the company has the right to redeem all but not part of the outstanding debentures at par plus accrued interest.

Security—Direct obligation of the company, ranking pari passu with all debentures outstanding. Secured by a floating charge on present and future undertaking and assets of the company.

Purpose of Issue—Net proceeds applied to reduce short-term loans.

Offered—On Sept. 26, 1981 at 100 plus accrued interest, if any, by an international syndicate led by Societe General de Banque S.A. and Orion Royal Bank Ltd.

7% Debentures:

Dated Apr. 30, 1981; due Apr. 30, 1991.

Principal, annual interest (Apr. 30) and redemption premium, if any, are payable in Swiss Francs in Switzerland at a number of banks which include Credit Suisse and Union Bank of Switzerland. Interest payable to holders not resident in Canada is not subject to Canadian withholding taxes.

Authorized, issued SFr 100,000,000 (Swiss Francs); outstanding at Dec. 3, 1984, Cdn\$50,800,000.

Denominations—Issued in bearer form only in denominations of SFr5,000 and SFr100,000 each.

Trustee—Montreal Trust Co.

Redemption—Not redeemable prior to Apr. 20, 1987. On or after that date redeemable at the option of the company in whole or in part on not less than 90 days' notice at 101% of the principal amount if redeemed during the 12 months commencing Apr. 30, 1987; 100.50 commencing Apr. 30, 1988; and thereafter at par, plus accrued interest to the date of redemption in each case.

In the event, that as a result of changes in federal or provincial tax laws, the company is required to make additional payments to the interest payable, the company has the right to redeem all, but not part, of the debentures at the following percentages of the principal amount if redeemed during the 12 months ending Apr. 30:

1982 .. 102.00	1984 .. 101.00	1985 .. 100.50
1983 .. 101.50		

and thereafter at par, plus accrued interest to the date of redemption in each case.

Purchase Fund—The company undertakes to purchase the debentures in the open market within 60 days prior to Apr. 30 in each of the years 1987 through to 1990, inclusive in the amount of SFr5,000,000 in each such year at a price not exceeding par plus accrued interest.

Security—Direct obligation of the company, ranking pari passu with all other debentures of the company. Secured by a floating charge on present and future undertaking and assets of the company.

Purpose of Issue—Net proceeds applied to reduce short-term borrowings.

Offered—On Apr. 15, 1981 at 100 plus accrued interest, if any, by a group headed by Credit Suisse, Union Bank of Switzerland, and Swiss Bank Corporation.

14% Debentures:

Dated Apr. 15, 1981; due Apr. 15, 1991.

Principal and yearly interest (Apr. 15) payable in U.S. funds in Toronto, New York, Brussels, London, Luxembourg and Paris without deduction for or on account of Canadian withholding taxes at any bank designated in the debentures.

Authorized and issued, US\$50,000,000; outstanding, at Dec. 31, 1984, Cdn\$57,684,000.

Denomination—Available in bearer form only in denominations of US\$1,000 with coupons attached.

Trustee—Montreal Trust Co.

Redemption—In whole or in part, on or at any time after Apr. 15, 1985, at the option of the company at the following percentages of principal amount, during the 12 month period commencing Apr. 15, in each year as follows:

1985 .. 101.50	1987 .. 101.00	1989 .. 100.50
1986 .. 101.25	1988 .. 100.75	1990 .. 100.00

together in each case with accrued interest to the date fixed for redemption.

Purchase Fund—The purchase agent, Société Générale de Banque S.A., will endeavor to purchase in the market in each 12-month period ending Apr. 15, 1987 to 1990, inclusive, not less than US\$3,750,000 principal amount of 14% debentures, at prices not exceeding the issue price plus accrued interest and purchase costs. If, during any year, the agent does not purchase the required principal amount, the purchase fund obligation is cumulative during the six-month period immediately following such year, after which the deficiency will be extinguished.

Sinking Fund—Sufficient to retire US\$2,100,000 principal amount on Apr. 15 in each of the years 1982 to 1986, inclusive. Debentures purchased or redeemed by the company will be available as a sinking fund credit equal to the principal amount thereof.

Security—Direct obligation of the company, ranking pari passu and rateably with all other debentures outstanding and secured by a floating charge on present and future undertakings, properties and assets of the company in Canada.

Purpose of Issue—Net proceeds used by the company to reduce short-term bank loans.

Offered—In March, 1981 at 99 plus accrued interest if any, to yield 14.9%, by a group headed by Société Générale de Banque S.A., Wood Gundy Ltd., Generale Bankmaatschappij N.V. and Orion Bank Ltd.

Other Debentures:

As at Dec. 31, 1984, the company and its subsidiaries had outstanding \$4,955,000 9% convertible debenture, due 1985; \$5,314,000 6% convertible debenture due 1988; \$23,601,000 11% debenture due to 1996; and \$46,000,000 10% debenture due to 1999.

Other Long-term Debt:

As at Dec. 31, 1984, the company and its subsidiaries had outstanding \$279,588,000 in debentures and term bank loans repayable at varying rates due to 1994; and \$41,868,000 in non-interest bearing to 17% notes and mortgages due to 2007.

Obligations under Capital Lease—At Dec. 31, 1984, \$26,684,000 was the present value of total capital lease obligations of \$39,400,000 payable as follows: \$4,400,000 in 1985; \$3,400,000 in 1986; \$2,900,000 in each of 1987 and 1988; \$3,000,000 in 1989; and \$22,800,000 thereafter.

PREVIOUS LONG-TERM DEBT

9% Secured Debentures (Abbey Glen Property Corporation)—Dated Aug. 15, 1971; due Aug. 15, 1991. Authorized and issued \$10,000,000; outstanding at Dec. 31, 1978, \$7,036,000. Called in 1979.

7% Convertible Subordinated Debentures, Series A and B—Due June 15 and Oct. 15, 1989, respectively. Outstanding at Dec. 31, 1977, in the amount of \$7,091,000. All redeemed or converted in 1978.

8% First Mortgage S.F. Bonds, Series D: Dated June 1, 1968; due June 1, 1988.

Issued \$15,000,000; outstanding at Dec. 31, 1978, \$7,089,000. All called Jan. 15, 1980, at 103.05.

Offered—In May, 1968, \$15,000,000 offered at 100 and accrued interest by a group headed by Pitfield, Mackay, Ross & Co. Ltd. and Wood Gundy Ltd.

Trustee—Montreal Trust Co.

INTERIM REPORT

For the nine months ended Sept. 30, 1985, net income rose 28% on a 25% increase in revenues. Net income was \$109,652,000, or \$2.64 per share, in the first nine months of 1985, compared with \$85,425,000, or \$2.33 per share, in the corresponding year earlier period. Revenues were \$1,692,872,000 compared with \$1,359,342,000 in the year earlier period. Operating income from financial services rose during the quarter because of improved performance at Canadian trust and lending operations, and increased sales of venture capital investments. Income from industrial services was substantially higher with waste services operations responsible for the entire gain. Income from marine services declined due to lower activity in the forest products industries, which represent the majority of customers. Income from real estate activities also improved, while earnings from building materials manufacturing lower in the quarter.

Changes in Financial Position:

In the nine months ended Sept. 30, 1985, funds generated totaled \$470,915,000, including \$92,914,000 from operations; \$235,464,000 long-term debt; \$158,138,000 from the issue of capital stock; less \$15,601,000 in deferred revenue.

Funds used totaled \$566,550,000, including \$50,710,000 dividends; \$456,877,000 investment in Genstar Financial Corporation; \$33,591,000 additions to fixed assets; and \$25,372,000 other.

Net increase in short-term borrowings was \$95,635,000.

INTERIM EARNINGS

Fiscal Year	3 months			6 months			9 months		
	Revenue	Net Inc.	Earns. per Com. Sh.	Revenue	Net Inc.	Earns. per Com. Sh.	Revenue	Net Inc.	Earns. per Com. Sh.
	\$000's	\$—	\$—	\$000's	\$—	\$—	\$000's	\$—	\$—
1979 ..	231,923	16,186	*0.52	519,308	44,349	1.48	900,678	79,673	2.70
1980 ..	413,432	20,078	0.58	943,684	53,248	1.60	1,593,502	97,248	3.01
1981 ..	430,948	21,223	0.53	1,022,034	57,825	1.57	1,606,064	73,215	1.90
1982 ..	324,562	d20,774	d0.84	789,023	d45,275	d1.81	1,313,448	d47,111	d2.01
1983 ..	330,239	d4,950	d0.29	814,904	20,336	0.41	1,346,520	82,480	2.30
1984 ..	331,705	d3,809	d0.25	851,139	40,655	1.04	1,359,342	85,425	2.33
1985 ..	438,979	5,269	d0.09	1,065,571	55,983	1.23	1,692,872	109,652	2.64

*Adjusted for 2-for-1 stock split on May 31, 1979.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
Years ended Dec. 31

	1984	1983	*1982	*1981
	\$000's			
Funds Generated (Required) by Operations:				
Funds from operations	155,097	79,594	(106,056)	145,327
Changes in operating working capital:				
Cash, etc.	(1,341)	9,905	(7,517)	11,541
Accounts receivable	(71,662)	20,448	96,407	5,591
Inventories	3,383	162,642	39,039	(30,868)
Accounts payable, etc.	69,961	(7,075)	(22,602)	(63,426)
Currency translation effect	16,716	(772)	9,953	6,951
	172,154	264,742	9,224	75,116
Financing Activities:				
Issue long-term debt .....	.....	.....	153,725	230,807
Repayment long-term debt	(20,279)	(35,896)	(45,183)	(224,584)
Deferred revenue, etc.	(10,675)	(10,346)	(12,493)	60,264
Issue of stock	206,798	5,564	857	4,186
	175,844	(40,678)	96,906	70,673
Investment Activities:				
Distributions & decreases	133,105	205,716	239,507	194,089
Investments & increases	(162,791)	(125,992)	(213,511)	(241,399)
Intangibles & subsid. purchase	(121,044)	.....	.....	(288,000)
Additions to fixed assets	(180,594)	(40,348)	(66,224)	(147,547)
Sale of fixed assets	28,265	46,381	37,638	29,785
	(303,059)	85,757	(2,590)	(453,072)
Dividends	(46,367)	(36,737)	(46,908)	(75,234)
Net decrease (increase) in s.-t. borrowings, etc.	(1,428)	273,084	56,632	(382,527)

*As shown in the 1983 Annual Report.

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS, YEARS ENDED DECEMBER 31

	1984	1983	1982	1981	1980	1979	1978
	\$000's						
Revenues	1,830,089	1,743,047	1,707,706	2,145,922	2,310,445	1,264,551	1,143,042
Less: Cost of sales & oper.	1,382,371	1,317,167	1,460,662	1,564,751	1,674,813	856,109	778,054
Selling, gen. & admin. exps.	204,179	187,219	204,148	243,511	227,260	116,955	116,267
Net before deprec., etc.	243,539	238,661	42,896	337,660	408,372	291,487	248,721
Less: Deprec., depl. & amort.	83,175	70,314	70,896	78,260	77,109	39,079	50,181
Interest l.-t. debt	91,199	87,543	92,208	85,568	76,115	34,217	26,036
Other interest	46,824	64,455	117,009	84,400	62,127	30,965	23,896
Income taxes: Current	11,500	54,100	47,700	48,600	44,500	43,000	40,300
Deferred	▲30,000	▲57,100	▲92,700	▲11,500	▲5,200	20,600	26,700
Add: Equity income	92,712	83,691	52,521	.....	.....	.....	.....
Net income	131,753	103,040	484,296	109,532	153,721	123,626	81,608
Add: Previous ret. earns.	383,099	316,796	445,000	410,702	326,932	245,611	185,956
Prior yrs.* adjust.	.....	.....	3,000	.....	.....	.....	.....
Less: Pref. divs.	19,605	14,848	19,234	20,390	17,684	8,338	717
Com. divs.	26,762	21,889	27,674	54,844	47,123	33,967	21,236
Sh. issue expense	2,721	.....	.....	.....	5,144	.....	.....
Retained earnings	465,764	383,099	316,796	445,000	410,702	326,932	245,611

▲Credit.

Remuneration—Of officers and directors has been as follows: \$5,042,836 in 1984; \$4,585,259 in 1983; \$3,026,767 in 1982; \$3,489,122 in 1980; \$3,108,218 in 1979; \$2,688,022 in 1978.

Commitments—Future minimum payments under operating leases at Dec. 31, 1984, were as follows: \$27,500,000 in 1985; \$21,800,000 in 1986; \$18,700,000 in 1987; \$15,200,000 in 1988; \$13,300,000 in 1989; and \$44,000,000 thereafter.

Times All Interest Earned:

Before deprec., depl., amort.	1.74	1.57	0.21	1.99	2.95	4.47	4.98
After deprec., depl. & amort.	1.15	1.11	.....	1.53	2.40	3.87	3.98

Earnings per Share:

Pref.: Times earned	16.72	16.94	.....	15.37	18.69	114.83	1113.82
Common: Earned*	\$3.56	\$2.83	d\$3.36	\$2.92	\$4.77	\$4.21	\$3.02
Fully diluted†	3.38	2.72	d3.36	2.79	4.35	3.96	2.87

*Based on the average number of shares outstanding during the year; adjusted for 2-for-1 split, May 31, 1979.

†Assuming conversion of all convertible preferred stock and debentures and the exercise of options and warrants.

Dividends Paid:

Class A pref.	\$1.10	\$1.10	\$1.10	\$1.10	\$1.10	\$1.10	\$1.10
Class B pref.	1.20	1.20	1.20	1.20	1.20	1.20	1.20
Class D pref.	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Series B, 2nd pref.	US1.68	US1.68	US1.68	US1.68	▲US1.632	.....	.....
Series C, 2nd pref.	2.35	2.35	2.35	2.35	▲2.0595	.....	.....
Series D, 2nd pref.	▲0.43304	.....	.....	.....	.....	.....	.....
Series E, 2nd pref.	▲0.2733	.....	.....	.....	.....	.....	.....
Common▼	0.85	0.65	0.90	1.80	1.65	1.00	.....
Common	.....	.....	.....	.....	.....	0.50	1.61

▲Including initial.

▼Following 2-for-1 split in May, 1979.

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31

	1984	1983	1982	1981	1980	1979	1978
	\$000's						
Assets							
Current:							
Cash & term deposits	11,269	9,928	19,833	12,316	23,857	65,926	12,863
Accts. & notes rec.	331,746	260,084	280,532	376,939	382,530	408,659	278,075
Inventories							
Finished goods	78,298	72,300	149,083	141,546	145,385	123,221	39,714
Work in process	53,373	35,800	37,781	84,820	135,468	130,380	107,982
Raw materials, etc.	67,338	61,188	66,918	78,783	80,757	84,160	40,457
Land	291,131	324,235	402,383	334,097	293,321	287,872	274,219
Revenue properties .....	.....	.....	.....	55,298	.....	.....	.....
Net assets held for sale .....	.....	.....	.....	.....	.....	.....	22,277
	833,155	763,535	956,530	1,083,799	1,061,318	1,100,218	775,587
Investments:							
Marketable invests.*	33,347	8,594	13,830	16,137	22,819	39,581	33,040
Joint ventures	66,654	57,633	70,048	100,420	84,752	49,655	45,406
Flintkote Co. ....	.....	.....	.....	.....	.....	.....	61,935
Mtges., etc., rec.	43,793	44,845	65,285	94,937	79,535	54,669	42,934
Development land	70,838	41,950	43,683	60,025	65,172	73,669	76,219
Other investments	49,084	60,626	44,094	30,644	25,127	30,125	17,047
Devel. prop. subsid. ....	.....	44,307	50,612	31,082	.....	.....	.....
Debt discount	▲	6,482	7,619	8,877	2,914	3,686	1,864
Intangible assets●●	168,616	40,885	40,642	40,453	35,056	34,596	34,386
Subsids. not consol.	532,394	454,375	477,378	427,062	141,386	112,420	21,250
Fixed assets:							
Plant sites	43,167	35,669	37,511	41,198	41,095	39,170	16,176
Quarries, etc.	96,541	54,004	63,700	58,732	61,749	60,990	15,261
Buildings	270,737	245,745	251,458	259,922	238,984	242,795	93,669
Machinery & equip.	1,250,531	1,064,925	1,089,423	1,165,929	1,133,626	1,104,555	501,323
Less: Accum. deprec.	744,610	574,739	551,509	560,423	559,071	544,755	243,397
	916,366	825,604	890,583	965,358	916,383	902,755	383,032
	2,714,247	2,348,836	2,660,304	2,858,794	2,434,462	2,401,374	1,492,700
Liabilities							
Current:							
Short-term borrowings	258,681	231,096	415,110	566,513	192,614	229,942	169,738
Accts. pay. & accr.	312,129	237,702	271,929	286,823	303,358	324,369	171,037
Mtge. adv. & loans	62,038	88,195	177,265	82,494	73,876	127,465	103,818
Income taxes	2,440	6,906	□ 20,246	□ 12,543	34,352	73,701	36,432
Current debt install.	16,280	23,195	20,747	24,431	61,578	45,392	25,976
	651,568	587,094	864,805	947,718	665,778	800,869	507,001
Debt. re dev. land & props. ....	.....	.....	.....	.....	.....	.....	28,225
Less: Current portion .....	.....	.....	.....	.....	.....	.....	9,789
Lease deposits .....	.....	.....	.....	65,000	.....	.....	.....
Long-term debt:							
5% to 8% s.f. bonds .....	.....	.....	.....	.....	3,184	4,564	15,906
Debentures, due to 1999	588,150	604,698	422,212	435,361	258,353	290,567	142,732
Bank loans	79,588	74,800	273,833	128,794	273,560	307,146	63,762
Notes & mtges. payable	41,868	21,786	31,804	35,671	50,119	48,690	11,896
Capital leases	26,684	35,504	45,797	57,740	54,353	78,460	.....
Less: Curr. portion	16,280	23,195	20,747	24,431	61,578	45,392	16,187
	720,010	713,593	752,899	633,135	577,991	684,035	218,109
Deferred taxes	□ 9,200	24,500	82,100	167,200	178,700	183,900	115,300
Deferred revenue	67,779	77,043	87,361	77,955	82,691	90,938	77,756
Shareholders' Equity							
Capital stock:							
Preferred	1,066	1,085	4,156	4,315	4,729	5,409	10,291
Second preferred	424,774	223,784	222,712	226,753	228,756	123,222	120,000
Common	304,334	295,786	288,223	283,164	276,665	177,869	172,027
Contributed surplus	8,552	8,552	8,552	8,554	8,450	8,200	8,169
Unrealized foreign exch. ‡	79,600	34,300	32,700	.....	.....	.....	.....
Retained earnings	465,764	383,099	316,796	445,000	410,702	326,932	245,611
	2,714,247	2,348,836	2,660,304	2,858,794	2,434,462	2,401,374	1,492,700
*Market value	74,400	107,400	40,400	30,800	54,000	63,000	48,000
▲Included in intangible assets in 1984.							
□ Subtract; recoverable.							
●●Arising from amalgamations and acquisitions; represents excess of purchase price over net assets.							
‡See "Accounting Changes" on page 5.							
Working Capital:							
Working capital (\$000's)	181,587	176,441	91,725	136,081	395,540	299,349	268,586
Ratio	1.28—1	1.30—1	1.11—1	1.14—1	1.59—1	1.37—1	1.53—1

EQUITIES

	1984	1983	1982	1981	1980	1979	1978
Net worth* (\$'000's)	1,284,090	946,606	873,139	967,786	929,302	641,632	556,098
Bonds, per \$1,000					\$374,007	\$205,250	\$44,935
Debentures, per \$1,000	\$3,183	\$2,565	\$3,068	\$3,223	4,597	3,208	4,896
Preferred per \$ stated val.	1,204.59	872.45	210.09	224.28	196.51	118.62	54.04
2nd pref. per \$ stated val.	3.02	4.23	3.90	4.25	4.04	5.16	4.55
Common □	27.04	23.02	20.93	24.08	23.03	18.74	15.87

*Available for capital stock; based on shareholders' equity. Preferred shares are deducted at stated value before calculating common equity. Bonds and debentures of the company taken in at par for calculation of their equity.

□ Adjusted throughout for 2-for-1 stock split May 31, 1979.

Shares Outstanding:

Ser. A pref.				1,871	2,000	2,000	7,000
Ser. B pref.	53,000	54,000	208,000	190,739	205,000	229,000	294,000
Ser. D pref.				23,141	30,000	39,000	213,000
Ser. A, 2nd pref.	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Ser. SP, 2nd pref.	627,000	552,000	485,000	739,000	625,000	525,000	.....
Series B, 2nd pref.	210,000	210,000	211,000	214,000	316,000	.....	.....
Series C, 2nd pref.	2,976,000	2,976,000	2,977,000	2,977,000	2,985,000	.....	.....
Series D, 2nd pref.	4,000,000	.....	.....	.....	.....	.....	.....
Series E, 2nd pref.	4,000,000	.....	.....	.....	.....	.....	.....
Common	31,738,000	31,359,000	30,878,000	30,589,000	30,215,000	27,380,000	13,416,000
Common▲	31,473,000	31,221,000	30,653,000	30,495,000	28,526,000	27,274,000	13,188,000

▼Following 2-for-1 stock split May 31, 1979.

▲Average number of shares outstanding during the year, as shown in the company's reports.

HISTORICAL SUMMARY

(As originally stated in company's annual reports for the respective years)

Year	Total Assets	Shldrs. Equity	Long-term Debt	Working Capital	Total Revenue	Net Inc. Oper.	Earns. per Com. Sh.	Price Range
				\$000's			\$	High Low
1956 ..	20,563	20,521	.....	5,831		245	d0.23	
1957 ..	27,251	26,920	.....	9,926		362	d0.21	
1958 ..	27,480	27,428	.....	8,045		402	d0.20	
1959 ..	30,934	27,867	.....	5,760		384	d0.21	
1960 ..	31,464	28,186	.....	5,769		412	d0.20	
1961 ..	33,006	28,633	.....	7,474	1,008	627	d0.13	
1962 ..	34,654	29,377	3,000	9,013	1,228	874	d0.05	
1963 ..	35,037	30,003	2,700	5,789	1,459	1,039	.....	
1964*	35,479	30,912	2,400	6,141	1,177	811	d0.07	
1965 ..	100,905	71,646	2,400	1,496	30,432	4,164	0.89	□ 14.00 □ 11.75
1966 ..	105,290	74,293	18,865	1,541	45,469	5,214	1.11	13.00 10.25
1967 ..	134,308	79,163	23,054	2,858	88,948	5,221	1.12	16.88 10.13
1968 ..	251,475	84,111	61,096	26,365	204,642	4,483	0.76	18.25 13.00
1969 ..	270,564	100,806	56,212	38,881	245,235	5,960	0.91	17.38 10.50
1970 ..	293,957	119,390	50,301	20,316	206,656	6,306	0.75	13.50 7.50
1971 ..	374,142	126,452	93,921	17,788	278,967	10,754	1.22	13.50 10.00
1972 ..	396,019	135,810	116,387	50,931	359,130	15,011	1.67	18.00 12.75
1973 ..	501,302	198,603	116,548	65,963	511,794	25,029	2.52	19.50 14.00
1974 ..	606,723	226,032	169,647	66,242	648,622	35,074	3.06	20.00 12.75
1975 ..	704,608	263,599	166,772	130,758	721,547	47,156	4.03	19.88 14.38
1976 ..	1,232,843	315,607	362,669	111,849	888,349	55,701	4.63	24.00 19.00
1977 ..	1,249,220	368,229	363,115	108,508	1,039,327	64,430	5.06	28.00 22.38
1978 ..	1,492,700	556,098	262,521	268,586	1,143,042	81,608	6.03	38.00 25.50
1979 ..	2,401,374	641,632	729,427	299,349	1,264,551	123,626	●4.21 ●27.75 ●18.38	
1980 ..	2,434,462	929,302	639,569	395,540	2,310,445	153,721	4.77	47.00 25.00
1981 ..	2,858,794	967,786	657,566	136,081	2,145,922	109,532	2.92	42.75 18.38
1982 ..	2,660,304	873,139	773,646	91,725	1,707,706	d84,296	d3.36	24.75 8.88
1983 ..	2,348,836	946,606	736,788	176,441	1,743,047	103,040	2.83	38.75 20.25
1984 ..	2,714,247	1,284,090	736,290	181,587	1,830,089	131,753	3.56	31.50 19.25

*In 1964 and prior years, accounts are comparative showing combined figures for Sogemines Limited, Brockville Chemicals Limited, Iroquois Glass Limited and Inland Cement Co. Limited after elimination of inter-company transactions.

□ Listed Sept. 13.

● Following 2-for-1 stock split in May, 1979.

(This information is obtained from sources we believe to be reliable, but is not guaranteed)

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